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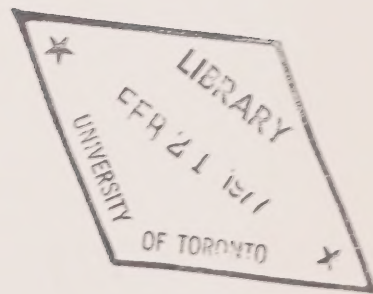
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Government
Publications

Canada, Parliament Senate
Debates





DEBATES OF THE SENATE

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE RENAUDE LAPOINTE
SPEAKER

1974-75-76
FIRST SESSION, THIRTIETH PARLIAMENT
23-24-25 ELIZABETH II

Volume II

(May 1, 1975 to December 20, 1975)

*Parliament was opened on September 30, 1974
and was prorogued on October 12, 1976*

The Speaker

THE HONOURABLE RENAUDE LAPOINTE

The Leader of the Government

THE HONOURABLE RAYMOND J. PERRAULT, P.C.

The Leader of the Opposition

THE HONOURABLE JACQUES FLYNN, P.C.

THE MINISTRY

According to Precedence

At Prorogation, October 12, 1976

| | |
|---|---|
| The Right Honourable Pierre Elliott Trudeau | Prime Minister |
| The Honourable Allan Joseph MacEachen | President of the Queen's Privy Council for Canada |
| The Honourable Jean Chrétien | Minister of Industry, Trade and Commerce |
| The Honourable Donald Stovel Macdonald | Minister of Finance |
| The Honourable John Carr Munro | Minister of Labour |
| The Honourable Stanley Ronald Basford | Minister of Justice and Attorney General of Canada |
| The Honourable Donald Campbell Jamieson | Secretary of State for External Affairs |
| The Honourable Robert Knight Andras | President of the Treasury Board |
| The Honourable James Richardson | Minister of National Defence |
| The Honourable Otto Emil Lang | Minister of Transport |
| The Honourable Jean-Pierre Goyer | Minister of Supply and Services |
| The Honourable Alastair William Gillespie | Minister of Energy, Mines and Resources |
| The Honourable Eugene Francis Whelan | Minister of Agriculture |
| The Honourable W. Warren Allmand | Minister of Indian Affairs and Northern Development |
| The Honourable James Hugh Faulkner | Minister of State for Science and Technology |
| The Honourable Daniel Joseph MacDonald | Minister of Veterans Affairs |
| The Honourable Marc Lalonde | Minister of National Health and Welfare |
| The Honourable Jeanne Sauvé | Minister of Communications |
| The Honourable Raymond Joseph Perrault | Leader of the Government in the Senate |
| The Honourable Barnett Jerome Danson | Minister of State for Urban Affairs |
| The Honourable J. Judd Buchanan | Minister of Public Works |
| The Honourable Roméo LeBlanc | Minister of Fisheries and the Environment |
| The Honourable Marcel Lessard | Minister of Regional Economic Expansion |
| The Honourable Jack Sydney George Cullen | Minister of Manpower and Immigration |
| The Honourable Leonard Stephen Marchand | Minister of State (Small Businesses) |
| The Honourable John Roberts | Secretary of State of Canada |
| The Honourable Monique Bégin | Minister of National Revenue |
| The Honourable Jean-Jacques Blais | Postmaster General |
| The Honourable Francis Fox | Solicitor General of Canada |
| The Honourable Anthony Chisholm Abbott | Minister of Consumer and Corporate Affairs |
| The Honourable Iona Campagnolo | Minister of State (Fitness and Amateur Sport) |

SENATORS OF CANADA

ACCORDING TO SENIORITY

At Prorogation, October 12, 1976

| Senators | Designation | Post Office Address |
|--|--------------------------------|----------------------------|
| THE HONOURABLE | | |
| Salter Adrian Hayden | Toronto | Toronto, Ont. |
| Norman McLeod Paterson | Thunder Bay | Thunder Bay, Ont. |
| George Percival Burchill | Northumberland-Miramichi | Nelson-Miramichi, N.B. |
| Michael G. Basha | West Coast | Curling, Nfld. |
| Sarto Fournier | de Lanaudière | Montreal, Que. |
| John J. Connolly, P.C. | Ottawa West | Ottawa, Ont. |
| Donald Cameron | Banff | Banff, Alta. |
| David A. Croll | Toronto-Spadina | Toronto, Ont. |
| Fred A. McGrand | Sunbury | Fredericton Junction, N.B. |
| Donald Smith | Queens-Shelburne | Liverpool, N.S. |
| Harold Connolly | Halifax North | Halifax, N.S. |
| Florence Elsie Inman | Murray Harbour | Montague, P.E.I. |
| Hartland de Montarville Molson | Alma | Montreal, Que. |
| J. Eugène Lefrançois | Repentigny | Montreal, Que. |
| Joseph A. Sullivan | North York | Toronto, Ont. |
| Lionel Choquette | Ottawa East | Ottawa, Ont. |
| Frederick Murray Blois | Colchester-Hants | Truro, N.S. |
| John Michael Macdonald | Cape Breton | North Sydney, N.S. |
| Josie Alice Dinan Quart | Victoria | Quebec, Que. |
| Louis Philippe Beaubien | Bedford | Montreal, Que. |
| J. Campbell Haig | River Heights | Winnipeg, Man. |
| Allister Grosart | Pickering | Toronto, Ont. |
| Edgar Fournier | Madawaska-Restigouche | Iroquois, N.B. |
| Jacques Flynn, P.C. | Rougemont | Quebec, Que. |
| David James Walker, P.C. | Toronto | Toronto, Ont. |
| Rhéal Bélisle | Sudbury | Sudbury, Ont. |
| Paul Yuzyk | Fort Garry | Winnipeg, Man. |
| Orville Howard Phillips | Prince | Alberton, P.E.I. |
| Maurice Bourget, P.C. | The Laurentides | Lévis, Que. |
| Azellus Denis, P.C. | La Salle | Montreal, Que. |
| Eric Cook | Harbour Grace | St. John's, Nfld. |
| Daniel Aiken Lang | South York | Toronto, Ont. |
| William Moore Benidickson, P.C. | Kenora-Rainy River | Kenora, Ont. |
| Alexander Hamilton McDonald | Moosomin | Moosomin, Sask. |
| Earl Adam Hastings | Palliser-Foothills | Calgary, Alta. |
| Harry William Hays, P.C. | Calgary | Calgary, Alta. |
| Charles Robert McElman | Nashwaak Valley | Fredericton, N.B. |
| Douglas Keith Davey | York | Don Mills, Ont. |
| Jean-Paul Deschatelets, P.C. | Lauson | Montreal, Que. |
| Hazen Robert Argue | Regina | Kayville, Sask. |
| Alan Aylesworth Macnaughton, P.C. | Sorel | Montreal, Que. |
| J. G. Léopold Langlois | Grandville | Quebec, Que. |
| Paul Desruisseaux | Wellington | Sherbrooke, Que. |
| Chesley William Carter | The Grand Banks | St. John's, Nfld. |
| James Duggan | Avalon | St. John's, Nfld. |
| Douglas Donald Everett | Fort Rouge | Winnipeg, Man. |
| Maurice Lamontagne, P.C. | Inkerman | Aylmer, Que. |
| Andrew Ernest Thompson | Dovercourt | Kendal, Ont. |

SENATORS—ACCORDING TO SENIORITY

| Senators | Designation | Post Office Address |
|---|------------------------------|-------------------------|
| THE HONOURABLE | | |
| Keith Laird | Windsor | Windsor, Ont. |
| Herbert O. Sparrow | Saskatchewan | North Battleford, Sask. |
| Richard James Stanbury | York Centre | Toronto, Ont. |
| Hervé J. Michaud | Kent | Buctouche, N.B. |
| William John Petten | Bonavista | St. John's, Nfld. |
| Raymond Eudes | de Lorimier | Montreal, Que. |
| Louis de Gonzague Giguère | de la Durantaye | Montreal, Que. |
| Ernest C. Manning, P.C. | Edmonton West | Edmonton, Alta. |
| Gildas L. Molgat | Ste. Rose | St. Vital, Man. |
| Eugene A. Forsey | Nepean | Ottawa, Ont. |
| William C. McNamara | Winnipeg | Winnipeg, Man. |
| Paul C. Lafond | Gulf | Hull, Que. |
| Ann Elizabeth Haddon Bell | Nanaimo-Malaspina | Nanaimo, B.C. |
| Edward M. Lawson | Vancouver | Vancouver, B.C. |
| H. Carl Goldenberg | Rigaud | Westmount, Que. |
| George Clifford van Roggen | Vancouver-Point Grey | Vancouver, B.C. |
| Sidney L. Buckwold | Saskatoon | Saskatoon, Sask. |
| Renaude Lapointe (Speaker) | Mille Isles | Montreal, Que. |
| Mark Lorne Bonnell | Murray River | Murray River, P.E.I. |
| Guy Williams | Richmond | Richmond, B.C. |
| Michel Fournier | Restigouche-Gloucester | Pointe Verte, N.B. |
| Frederick William Rowe | Lewisporte | St. John's, Nfld. |
| George James McIlraith, P.C. | Ottawa Valley | Ottawa, Ont. |
| Margaret Norrie | Colchester-Cumberland | Truro, N.S. |
| Henry D. Hicks | The Annapolis Valley | Halifax, N.S. |
| Bernard Alasdair Graham | The Highlands | Sydney, N.S. |
| Martial Asselin, P.C. | Stadacona | La Malbaie, Que. |
| John James Greene, P.C. | Niagara | Niagara Falls, Ont. |
| Joseph Julien Jean-Pierre Côté, P.C. | Kennebec | Longueuil, Que. |
| Joan Neiman | Peel | Caledon East, Ont. |
| Raymond J. Perrault, P.C. | North Shore-Burnaby | Vancouver, B.C. |
| John Morrow Godfrey | Rosedale | Toronto, Ont. |
| Maurice Riel | Shawinigan | Westmount, Que. |
| Louis-J. Robichaud, P.C. | L'Acadie-Acadia | Saint John, N.B. |
| Daniel Riley | Saint John | Saint John West, N.B. |
| Augustus Irvine Barrow | Halifax-Dartmouth | Halifax, N.S. |
| Ernest George Cottle | South Western Nova | Yarmouth, N.S. |
| George Isaac Smith | Colchester | Truro, N.S. |
| Jack Austin | Vancouver South | Vancouver, B.C. |
| Paul Henry Lucier | Yukon | Whitehorse, Yukon. |

NOTE: For names of senators who resigned, retired, or died during the First Session of the Thirtieth Parliament, see Index.

SENATORS OF CANADA

ALPHABETICAL LIST

At Prorogation, October 12, 1976

| Senators | Designation | Post Office Address |
|--|--------------------------------|------------------------|
| THE HONOURABLE | | |
| Argue, Hazen | Regina | Kayville, Sask. |
| Asselin, Martial, P.C. | Stadacona | La Malbaie, Que. |
| Austin, Jack | Vancouver South | Vancouver, B.C. |
| Barrow, Augustus Irvine | Halifax-Dartmouth | Halifax, N.S. |
| Basha, Michael G. | West Coast | Curling, Nfld. |
| Beaubien, L. P. | Bedford | Montreal, Que. |
| Bélisle, Rhéal | Sudbury | Sudbury, Ont. |
| Bell, A. E. Haddon | Nanaimo-Malaspina | Nanaimo, B.C. |
| Benidickson, W. M., P.C. | Kenora-Rainy River | Kenora, Ont. |
| Blois, Fred M. | Colchester-Hants | Truro, N.S. |
| Bonnell, M. Lorne | Murray River | Murray River, P.E.I. |
| Bourget, Maurice, P.C. | The Laurentides | Lévis, Que. |
| Buckwold, Sidney L. | Saskatoon | Saskatoon, Sask. |
| Burchill, G. Percival | Northumberland-Miramichi | Nelson-Miramichi, N.B. |
| Cameron, Donald | Banff | Banff, Alta. |
| Carter, Chesley W. | The Grand Banks | St. John's, Nfld. |
| Choquette, Lionel | Ottawa East | Ottawa, Ont. |
| Connolly, Harold | Halifax North | Halifax, N.S. |
| Connolly, John J., P.C. | Ottawa West | Ottawa, Ont. |
| Cook, Eric | Harbour Grace | St. John's, Nfld. |
| Côté, Joseph Julien Jean-Pierre, P.C. | Kennebec | Longueuil, Que. |
| Cottreau, Ernest G. | South Western Nova | Yarmouth, N.S. |
| Croll, David A. | Toronto-Spadina | Toronto, Ont. |
| Davey, Keith | York | Don Mills, Ont. |
| Denis, Azellus, P.C. | La Salle | Montreal, Que. |
| Deschatelets, Jean-Paul, P.C. | Lauzon | Montreal, Que. |
| Desruisseaux, Paul | Wellington | Sherbrooke, Que. |
| Duggan, James | Avalon | St. John's, Nfld. |
| Eudes, Raymond | de Lorimier | Montreal, Que. |
| Everett, Douglas D. | Fort Rouge | Winnipeg, Man. |
| Flynn, Jacques, P.C. | Rougemont | Quebec, Que. |
| Forsey, Eugene A. | Nepean | Ottawa, Ont. |
| Fournier, Edgar | Madawaska-Restigouche | Iroquois, N.B. |
| Fournier, Michel | Restigouche-Gloucester | Pointe Verte, N.B. |
| Fournier, Sarto | de Lanaudière | Montreal, Que. |
| Giguère, Louis de G. | de la Durantaye | Montreal, Que. |
| Godfrey, John Morrow | Rosedale | Toronto, Ont. |
| Goldenberg, H. Carl | Rigaud | Westmount, Que. |
| Graham, Bernard Alasdair | The Highlands | Sydney, N.S. |
| Greene, John James, P.C. | Niagara | Niagara Falls, Ont. |
| Grosart, Allister | Pickering | Toronto, Ont. |
| Haig, J. Campbell | River Heights | Winnipeg, Man. |
| Hastings, Earl A. | Palliser-Foothills | Calgary, Alta. |
| Hayden, Salter A. | Toronto | Toronto, Ont. |
| Hays, Harry, P.C. | Calgary | Calgary, Alta. |
| Hicks, Henry D. | The Annapolis Valley | Halifax, N.S. |
| Inman, F. Elsie | Murray Harbour | Montague, P.E.I. |
| Lafond, Paul C. | Gulf | Hull, Que. |

SENATORS—ALPHABETICAL LIST

| Senators | Designation | Post Office Address |
|-----------------------------------|-----------------------------|----------------------------|
| THE HONOURABLE | | |
| Laird, Keith | Windsor | Windsor, Ont. |
| Lamontagne, Maurice, P.C. | Inkerman | Aylmer, Que. |
| Lang, Daniel A. | South York | Toronto, Ont. |
| Langlois, Léopold | Grandville | Quebec, Que. |
| Lapointe, Renaude (Speaker) | Mille Isles | Montreal, Que. |
| Lawson, Edward M. | Vancouver | Vancouver, B.C. |
| Lefrançois, J. Eugène | Repentigny | Montreal, Que. |
| Lucier, Paul Henry | Yukon | Whitehorse, Yukon. |
| Macdonald, John M. | Cape Breton | North Sydney, N.S. |
| Macnaughton, Alan A., P.C. | Sorel | Montreal, Que. |
| Manning, Ernest C., P.C. | Edmonton West | Edmonton, Alta. |
| McDonald, A. Hamilton | Moosomin | Moosomin, Sask. |
| McElman, Charles | Nashwaak Valley | Fredericton, N.B. |
| McGrand, Fred A. | Sunbury | Fredericton Junction, N.B. |
| McIlraith, George J., P.C. | Ottawa Valley | Ottawa, Ont. |
| McNamara, William C. | Winnipeg | Winnipeg, Man. |
| Michaud, Hervé J. | Kent | Buctouche, N.B. |
| Molgat, Gildas L. | Ste. Rose | St. Vital, Man. |
| Molson, Hartland de M. | Alma | Montreal, Que. |
| Neiman, Joan | Peel | Caledon East, Ont. |
| Norrie, Margaret | Colchester-Cumberland | Truro, N.S. |
| Paterson, Norman McL. | Thunder Bay | Thunder Bay, Ont. |
| Perrault, Raymond J., P.C. | North Shore-Burnaby | Vancouver, B.C. |
| Petten, William J. | Bonavista | St. John's, Nfld. |
| Phillips, Orville H. | Prince | Alberton, P.E.I. |
| Quart, Josie D. | Victoria | Quebec, Que. |
| Riel, Maurice | Shawinigan | Westmount, Que. |
| Riley, Daniel | Saint John | Saint John West, N.B. |
| Robichaud, Louis-J., P.C. | L'Acadie-Acadia | Saint John, N.B. |
| Rowe, Frederick William | Lewisporte | St. John's, Nfld. |
| Smith, Donald | Queens-Shelburne | Liverpool, N.S. |
| Smith, George I. | Colchester | Truro, N.S. |
| Sparrow, Herbert O. | Saskatchewan | North Battleford, Sask. |
| Stanbury, Richard J. | York Centre | Toronto, Ont. |
| Sullivan, Joseph A. | North York | Toronto, Ont. |
| Thompson, Andrew | Dovercourt | Kendal, Ont. |
| van Roggen, George | Vancouver-Point Grey | Vancouver, B.C. |
| Walker, David, P.C. | Toronto | Toronto, Ont. |
| Williams, Guy | Richmond | Richmond, B.C. |
| Yuzyk, Paul | Fort Garry | Winnipeg, Man. |

SENATORS OF CANADA

BY PROVINCES

At Prorogation, October 12, 1976

ONTARIO—24

Senators

Designation

Post Office Address

THE HONOURABLE

| | | | |
|----|--------------------------------------|--------------------------|----------------|
| 1 | Salter Adrian Hayden..... | Toronto | Toronto. |
| 2 | Norman McLeod Paterson..... | Thunder Bay | Thunder Bay. |
| 3 | John J. Connolly, P.C. | Ottawa West | Ottawa. |
| 4 | David A. Croll..... | Toronto-Spadina | Toronto. |
| 5 | Joseph A. Sullivan..... | North York..... | Toronto. |
| 6 | Lionel Choquette..... | Ottawa East..... | Ottawa. |
| 7 | Allister Grosart | Pickering | Toronto. |
| 8 | David James Walker, P.C..... | Toronto | Toronto. |
| 9 | Rhéal Bélisle | Sudbury | Sudbury. |
| 10 | Daniel Aiken Lang | South York | Toronto. |
| 11 | William Moore Benidickson, P.C. | Kenora-Rainy River | Kenora. |
| 12 | Douglas Keith Davey | York | Don Mills. |
| 13 | Andrew Ernest Thompson | Dovercourt..... | Kendal. |
| 14 | Keith Laird | Windsor | Windsor. |
| 15 | Richard James Stanbury | York Centre..... | Toronto. |
| 16 | Eugene A. Forsey | Nepean | Ottawa. |
| 17 | George James McIlraith, P.C. | Ottawa Valley..... | Ottawa. |
| 18 | John James Greene, P.C. | Niagara | Niagara Falls. |
| 19 | Joan Neiman | Peel | Caledon East. |
| 20 | John Morrow Godfrey | Rosedale | Toronto. |
| 21 | ..... | ..... | ..... |
| 22 | ..... | ..... | ..... |
| 23 | ..... | ..... | ..... |
| 24 | ..... | ..... | ..... |

SENATORS BY PROVINCES

QUEBEC—24

| Senators | Electoral Division | Post Office Address |
|--|-----------------------|---------------------|
| THE HONOURABLE | | |
| 1 Sarto Fournier | de Lanaudière | Montreal. |
| 2 Hartland de Montarville Molson | Alma | Montreal. |
| 3 J. Eugène Lefrançois | Repentigny | Montreal. |
| 4 Josie Alice Dinan Quart | Victoria | Quebec. |
| 5 Louis Philippe Beaubien | Bedford | Montreal. |
| 6 Jacques Flynn, P.C. | Rougemont | Quebec. |
| 7 Maurice Bourget, P.C. | The Laurentides | Lévis. |
| 8 Azellus Denis, P.C. | La Salle | Montreal. |
| 9 Jean-Paul Deschatelets, P.C. | Lauzon | Montreal. |
| 10 Alan Aylesworth Macnaughton, P.C. | Sorel | Montreal. |
| 11 J. G. Léopold Langlois | Grandville | Quebec. |
| 12 Paul Desruisseaux | Wellington | Sherbrooke. |
| 13 Maurice Lamontagne, P.C. | Inkerman | Aylmer. |
| 14 Raymond Eudes | de Lorimier | Montreal. |
| 15 Louis de Gonzague Giguère | de la Durantaye | Montreal. |
| 16 Paul C. Lafond | Gulf | Hull. |
| 17 H. Carl Goldenberg | Rigaud | Westmount. |
| 18 Renaude Lapointe (Speaker) | Mille Isles | Montreal. |
| 19 Martial Asselin, P.C. | Stadacona | La Malbaie. |
| 20 Joseph Julien Jean-Pierre Côté, P.C. | Kennebec | Longueuil. |
| 21 Maurice Riel | Shawinigan | Westmount. |
| 22 ..... | ..... | ..... |
| 23 ..... | ..... | ..... |
| 24 ..... | ..... | ..... |

NOVA SCOTIA—10

Senators

Designation

Post Office Address

THE HONOURABLE

| | | |
|---------------------------------|-----------------------------|---------------|
| 1 Donald Smith | Queens-Shelburne | Liverpool. |
| 2 Harold Connolly | Halifax North | Halifax. |
| 3 Frederick Murray Blois | Colchester-Hants | Truro. |
| 4 John Michael Macdonald | Cape Breton | North Sydney. |
| 5 Margaret Norrie | Colchester-Cumberland | Truro. |
| 6 Henry D. Hicks | The Annapolis Valley | Halifax. |
| 7 Bernard Alasdair Graham | The Highlands | Sydney. |
| 8 Augustus Irvine Barrow | Halifax-Dartmouth | Halifax. |
| 9 Ernest George Cottreau | South Western Nova | Yarmouth. |
| 10 George Isaac Smith | Colchester | Truro. |

NEW BRUNSWICK—10

THE HONOURABLE

| | | |
|----------------------------------|-------------------------------|-----------------------|
| 1 George Percival Burchill | Northumberland-Miramichi | Nelson-Miramichi. |
| 2 Fred A. McGrand | Sunbury | Fredericton Junction. |
| 3 Edgar Fournier | Madawaska-Restigouche | Iroquois. |
| 4 Charles Robert McElman | Nashwaak Valley | Fredericton. |
| 5 Hervé J. Michaud | Kent | Buctouche. |
| 6 Michel Fournier | Restigouche-Gloucester | Pointe Verte. |
| 7 Louis-J. Robichaud, P.C. | L'Acadie-Acadia | Saint John. |
| 8 Daniel Riley | Saint John | Saint John West. |
| 9 ..... | ..... | ..... |
| 10 ..... | ..... | ..... |

PRINCE EDWARD ISLAND—4

THE HONOURABLE

| | | |
|---------------------------------|----------------------|---------------|
| 1 Florence Elsie Inman | Murray Harbour | Montague. |
| 2 Orville Howard Phillips | Prince | Alberton. |
| 3 Mark Lorne Bonnell | Murray River | Murray River. |
| 4 ..... | ..... | ..... |

SENATORS BY PROVINCES—WESTERN DIVISION

MANITOBA—6

| Senators | Designation | Post Office Address |
|--------------------------------|---------------------|---------------------|
| THE HONOURABLE | | |
| 1 J. Campbell Haig | River Heights | Winnipeg. |
| 2 Paul Yuzyk | Fort Garry | Winnipeg. |
| 3 Douglas Donald Everett | Fort Rouge | Winnipeg. |
| 4 Gildas L. Molgat | Ste. Rose | St. Vital. |
| 5 William C. McNamara | Winnipeg | Winnipeg. |
| 6 ..... | ..... | ..... |

BRITISH COLUMBIA—6

| | | |
|------------------------------------|----------------------------|------------|
| THE HONOURABLE | | |
| 1 Ann Elizabeth Haddon Bell | Nanaimo-Malaspina | Nanaimo. |
| 2 Edward M. Lawson | Vancouver | Vancouver. |
| 3 George Clifford van Roggen | Vancouver-Point Grey | Vancouver. |
| 4 Guy Williams | Richmond | Richmond. |
| 5 Raymond J. Perrault, P.C. | North Shore-Burnaby | Vancouver. |
| 6 Jack Austin | Vancouver South | Vancouver. |

SASKATCHEWAN—6

| | | |
|-------------------------------------|--------------------|-------------------|
| THE HONOURABLE | | |
| 1 Alexander Hamilton McDonald | Moosomin | Moosomin. |
| 2 Hazen Robert Argue | Regina | Kayville. |
| 3 Herbert O. Sparrow | Saskatchewan | North Battleford. |
| 4 Sidney L. Buckwold | Saskatoon | Saskatoon. |
| 5 ..... | ..... | ..... |
| 6 ..... | ..... | ..... |

ALBERTA—6

| | | |
|---------------------------------|--------------------------|-----------|
| THE HONOURABLE | | |
| 1 Donald Cameron | Banff | Banff. |
| 2 Earl Adam Hastings | Palliser-Foothills | Calgary. |
| 3 Harry William Hays, P.C. | Calgary | Calgary. |
| 4 Ernest C. Manning, P.C. | Edmonton West | Edmonton. |
| 5 ..... | ..... | ..... |
| 6 ..... | ..... | ..... |

NEWFOUNDLAND—6

Senators

Designation

Post Office Address

THE HONOURABLE

| | | |
|--------------------------------|-----------------------|-------------|
| 1 Michael G. Basha | West Coast | Curling. |
| 2 Eric Cook | Harbour Grace | St. John's. |
| 3 Chesley William Carter | The Grand Banks | St. John's. |
| 4 James Duggan | Avalon | St. John's. |
| 5 William John Petten | Bonavista | St. John's. |
| 6 Frederick William Rowe | Lewisporte | St. John's. |

NORTHWEST TERRITORIES—1

THE HONOURABLE

1

YUKON—1

THE HONOURABLE

1 Paul Henry Lucier Yukon Whitehorse.

THE SENATE

OFFICERS AND CHIEFS OF PRINCIPAL BRANCHES

| | |
|--|-------------------------------------|
| Clerk of the Senate and Clerk of the Parliaments | Robert Fortier, Q.C., B.A., LL.B. |
| Law Clerk and Parliamentary Counsel | R. L. du Plessis, Q.C., B.A., LL.L. |
| First Clerk Assistant | Alcide Paquette, B.A. |
| Gentleman Usher of the Black Rod | A. G. Vandelac, M.C., C.D. |
| Director of Administration and Personnel | J. Walter Dean |
| Editor of Debates and Chief of Reporting Branch | T. S. Hubbard |
| Director of Committees | Flavien J. Belzile, B.A. |
| Chief of Minutes and Journals (English) | Mrs. Jean F. Sutherland |
| Chief of Minutes and Journals (French) | Miss Madeleine Ouimet |
| Assistant Gentleman Usher of the Black Rod | |
| Postmaster | Harold King |
| Supervisor of Secretarial Service (English) | Mrs. Josephine Barnwell |
| Supervisor of Secretarial Service (Bilingual) | Mrs. Jocelyne Latrémouille |
| Chief of Joint Distribution Office | J. E. Levesque |
| Chief of Protective Service | W. Maheux |
| Manager of Parliamentary Restaurant | W. Pentecost |

REPORTING BRANCH

| | |
|---|---|
| Editor of Debates and Chief of Reporting Branch | T. S. Hubbard |
| Assistant Chief of Reporting Branch | G. R. Baker |
| Associate Editor and Senior Reporter, English | H. D. Griffith |
| Associate Editor and Senior Reporter, French | J. R. Langlois |
| Reporters | Aurèle Chénier, W. J. Culleton, G. K. Hubbard, D. L. Sellers, A. A. Gallagher, L. R. Powis, H. C. Warburton, Maurice Bolduc, N. C. Keeley, A.J. Clair. |

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| Chief of Debates | Mireille Couillard |

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| Parliamentary Librarian | Erik J. Spicer, C.D., B.A., B.L.S., M.A.L.S. |
| Associate Parliamentary Librarian | Gilles J. C. Frappier, B.A., B.Ph., B.L.S. |

THE SENATE

Thursday, May 1, 1975

The Senate met at 2 p.m. the Speaker in the Chair.

Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Rodriguez has been substituted for that of Mr. Orlikow on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

THE SENATE AND HOUSE OF COMMONS ACT, THE SALARIES ACT AND THE PARLIAMENTARY SECRETARIES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-44, to amend the Senate and House of Commons Act, the Salaries Act and the Parliamentary Secretaries Act.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

PETROLEUM ADMINISTRATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-32, to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Department of Agriculture for the fiscal year ended March 31, 1974, pursuant to section 6 of the Department of Agriculture Act, Chapter A-10, R.S.C., 1970.

FARM CREDIT ACT

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED

Senator Argue, Chairman of the Standing Senate Committee on Agriculture, presented the following report:

Thursday, April 24, 1975

The Standing Senate Committee on Agriculture to which was referred Bill C-34, intituled: "An Act to amend the Farm Credit Act" has, in obedience to the order of reference of Tuesday, April 22, 1975 examined the said bill and now reports the same with the following amendment:

Strike out the word "thirty-five" and substitute the word "forty" in lines 43 and 49 on page 2, in lines 7 and 16 on page 3, and in lines 7 and 34 on page 8.

In addition your committee desires to make two recommendations arising out of its discussions.

First, your committee would like to see the Farm Credit Corporation take on an expanded and more vigorous role in the provision of credit to farmers for the development of agricultural production in Canada.

Your committee therefore recommends that the Government consider the advisability of increasing the capital of the Farm Credit Corporation from one hundred million to one hundred and twenty-five million dollars.

Second, your committee is concerned that the current upward trend in the price of land and other farm capital will continue and that the loan ceilings under the Act may soon become inadequate for the needs of both new and established farmers.

Your committee therefore recommends that the Government consider the advisability of increasing the ceilings on loans made under Parts III and IV to new and young farmers from one hundred and fifty thousand to two hundred thousand dollars and of increasing the ceiling on loans made under Part II to older and established farmers from one hundred thousand to one hundred and fifty thousand dollars.

Your committee believes that the changes to the Farm Credit Act embodied in this bill are important and necessary. However, it believes that perhaps a little more flexibility in corporation capital and loan ceilings would be most helpful in increasing Canada's agricultural production and bettering the conditions under which farmers operate.

Respectfully submitted.

Hazen Argue
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Argue moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

CULTURAL PROPERTY EXPORT AND IMPORT BILL

REPORT OF COMMITTEE PRESENTED

Senator Carter, Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Thursday, May 1, 1975

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-33, intituled: "An Act respecting the export from Canada of cultural property and the import into Canada of cultural property illegally exported from foreign states", has in obedience to the order of reference of April 23, 1975 examined the said Bill and now reports the same with the following amendments:

1. **Page 6:** Strike out line 18 and substitute therefor the following:
"Review Board and the Minister."
2. **Page 6:** Strike out line 47 and substitute therefor the following:
"copy of that advice to the Review Board and the Minister."
3. **Page 7:** Strike out line 41 and substitute therefor the following:
"tion of the Review Board, in which case he shall forthwith send a written notice to that effect to the applicant."
4. **Page 8:** Strike out lines 32 to 40 and substitute therefor the following:
"(2) The members of the Review Board, other than the Chairman and two other members who shall be chosen generally from among residents of Canada, shall be chosen in equal numbers
(a) from among residents of Canada who are or have been officers, members or employees of art galleries, museums, archives, libraries or other similar institutions in Canada; and
(b) from among residents of Canada who are or have been dealers in or collectors of art,"
5. **Page 11:** Strike out line 19 and substitute therefor the following:
"notice of refusal under section 10 or a notice under section 12 may,"
6. **Page 11:** Strike out line 21 and substitute therefor the following:
"the notice was sent, by notice in"
7. **Page 11:** Strike out lines 25 to 28 and substitute therefor the following:
"(2) The Review Board shall review an application for an export permit and, unless the circumstances of a particular case require otherwise, render its decision within"
8. **Page 14:** Strike out lines 22 to 25 and substitute therefor the following:

"(4) The Review Board shall consider a request made under subsection (1) and, unless the circumstances of a particular case require otherwise, make a determination"

Respectfully submitted.

Chesley W. Carter,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Carter moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

● (1410)

BUSINESS OF THE SENATE

Senator Perrault: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, May 6, at 8 o'clock in the evening.

Before the question is put, may I by way of explanation review the projected work for the Senate during the coming week.

Dealing first of all with committees, on Tuesday the Special Joint Committee on Immigration Policy will meet at 9.30 a.m. The Standing Senate Committee on Foreign Affairs has scheduled a meeting at 2 p.m. to continue its study of Canada's relations with the United States. Also at 2 p.m. the Standing Senate Committee on Agriculture will hear witnesses from the Manitoba Crop Insurance Commission. The Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 8 p.m.

So far, honourable senators, the only committee meeting set down for Wednesday is that of the Special Joint Committee on Immigration Policy at 3.30 p.m. However, I was informed just a moment ago that the Standing Senate Committee on Legal and Constitutional Affairs will meet *in camera* at 2.30 p.m. to consider Bill C-19. I am sorry, honourable senators, this meeting is scheduled for Tuesday.

Senator Grosart: Three committees sitting at the same time?

Senator Perrault: Yes, but one is *in camera*.

Senator Grosart: But they are still sitting at the same time.

Senator Perrault: The meeting times are not simultaneous. There is a degree of overlapping.

Senator Grosart: Fifteen minutes.

Senator Perrault: Half an hour. As I have stated, the only meeting so far set down for Wednesday is that of the Special Joint Committee on Immigration Policy.

On Thursday the Standing Senate Committee on National Finance will meet at 9.30 a.m. to consider the 1975-76 estimates. The Special Committee on Employer-Employee Relations in the Public Service will meet at 3.30 p.m., and the Special Joint Committee on Immigration Policy will meet at 8 o'clock in the evening.

The schedule of committee work does not appear to be as heavy as in recent weeks, but I can assure honourable senators that there will be considerably more work in the chamber, so the total workload will remain heavy.

On Tuesday night we will proceed with consideration of the Report of the Standing Senate Committee on Agriculture on Bill C-34, and consideration of the Report of the Standing Senate Committee on Health, Welfare and Science on Bill C-33. We will also commence the second reading debate on Bill C-44 and on Bill C-32. On Wednesday we will continue with the second reading debate on Bill C-44 and Bill C-32, and with other items on the Order Paper. In addition to the foregoing, more legislation will be coming to us next week from the other place.

Senator Buckwold: Honourable senators, may I state for the record that the meeting of the Standing Joint Committee of the Senate and House of Commons on Employer-Employee Relations in the Public Service will meet at 11 a.m. rather than at 8 p.m. as announced earlier. That will be on Tuesday.

Motion agreed to.

LABOUR CONDITIONS

THREATENED STRIKE OF MONTREAL POLICE FORCE— QUESTION

Senator Flynn: Honourable senators, may I ask the Leader of the Government if he has anything to report on the threatened strike of police in the city of Montreal? I ask this because it has been rumoured that the federal government has been invited to lend the army's support to the city if the situation should become serious.

Senator Perrault: The government naturally would like to be helpful in any such eventuality. However, I can report that there has been no formal request as yet received from the Government of the Province of Quebec with respect to any emergency which might arise.

STRIKE OF LONGSHOREMEN IN QUEBEC—BACK-TO-WORK LEGISLATION—QUESTION

Senator Flynn: Would the Leader of the Government inform the Senate whether he has heard anything more with respect to the situation in the ports on the St. Lawrence?

Senator Perrault: The federal government may serve today the International Longshoremen's Association with notice that the federal government will apply to the federal court for an order to enforce the legislation passed by Parliament. Representatives of the federal Department of Justice may appear on Monday to apply for a court order compelling the men to return to work. However, it is hoped by the government that none of these actions will be required and there will be a return to work. Disobedience of the order will result in the usual enforcement proceedings for disobedience, including fine and/or imprisonment. However, I repeat that the government is hopeful that there will be a voluntary return to work and that it will not be necessary to resort to these other measures.

Senator Flynn: Would the Leader of the Government tell the Senate whether it is necessary to apply to the court for an injunction to enforce the union to obey the law? Are there no direct measures that could be employed? Can the leader tell us whether the Minister of Justice is considering charging the union and its members for disobeying the law and having a fine imposed without the injunction? It seems to me illogical to ask the court to tell people that they must obey the law.

Senator Perrault: Meetings have been underway during the past two or three days in an endeavour to explore every avenue and every legal recourse. The announcement I have made to the Senate this afternoon is the last official word I have had from the Department of Labour and the Department of Justice. If other alternatives are open, I will report immediately to the Senate, hopefully this afternoon.

MULTICULTURALISM

MINISTRY OF STATE—ORGANIZATION AND BUDGET— QUESTION

Senator Yuzyk: I would like to ask the Leader of the Government when I may expect the answers to the questions I raised in this chamber on March 26 last?

Senator Perrault: I am unable to give the honourable senator a definitive answer. However, I wish to assure you that every possible effort is made to reply to questions asked in this chamber as soon as the information can be obtained. I will make a further inquiry today to determine whether there has been any accidental or inordinate delay.

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Forsey for second reading of Bill C-5, to establish the Radio-television and Telecommunications Commission, to amend the Broadcasting Act and other Acts in consequence thereof and to enact other consequential provisions.

Hon. Rhéal Bélisle: Honourable senators, I congratulate the sponsor, Senator Forsey, on the manner in which he presented this important bill. Although Bill C-5 is simply a re-organization bill with regard to the Canadian Radio-Television Commission and certain functions of the Canadian Transport Commission, substituting a new administrative body, the Canadian Radio-television and Telecommunications Commission, there are certain criticisms which I think should be made with respect to the adoption of this bill in its present form.

Bill C-5 solidifies the position of the government vis-à-vis the provinces without their consent or consultation. The provincial ministers' conference in Quebec City in 1972 resulted in the federal government being accused of duplicating provincial telecommunications systems in licensing the CN-CP telecommunications network.

● (1420)

In addition, in 1973 the provincial Communications ministers' conference pleaded with Ottawa to stay out of the

provincial areas of jurisdiction. Furthermore, in 1974, the provinces reacted to the federal Green Paper on Communications by reiterating that in their view the regulation of telephone rates was a matter solely within provincial jurisdiction.

[Translation]

Why should we legislate on a new commission structure when there are problems relating to federal-provincial relationship in the area of telecommunications? In my view, if we proceed with the organic law to establish a new commission, it might result in a hardening of positions which have been expressed on several occasions in statements concerning cablevision.

[English]

In this respect, the governments of Ontario, Quebec, and British Columbia voiced an objection against licensing of cablevision by the commission. At present, cable licences are granted by the Canadian Radio-Television Commission, which requires operators to give first priority to Canadian broadcasts in filling their channels. Today 27.7 per cent of Canadian households have cable—the highest percentage in the world.

In addition, the British North America Act does not specify whether cable television is a federal or provincial responsibility, and Quebec has already set up its own licensing agency in a direct challenge to federal authority.

Although I am not necessarily against the licensing of broadcasts by the federal government, I would prefer that an arrangement be undertaken between the federal government and the provinces as to representation of the latter on the commission.

[Translation]

In other words, a political solution should be reached on the respective responsibilities of the federal government and the provinces as to the representation of the latter on the commission.

[English]

This would mean that the government should implement at first the second phase of its program which was announced April 26, 1975, to which my colleague, Senator Grosart, referred yesterday. It is released in a paper outlining the proposals which will be presented at a federal-provincial conference on telecommunications scheduled for next month.

Adopting the second phase of the program would allow the provinces affected by the decisions of the CRTC to take part in hearings, or require the CRTC to request opinions on licensing applications, where provincial interests are concerned, from the relevant provincial regulatory body. This would be most pertinent in matters of cable broadcasting.

Furthermore, each province would be represented on the commission, since each province would be asked to appoint one part-time member, who would be selected by the federal government.

[Translation]

Thus, in the first place, were the second phase of the government's program adopted, not only would it result in a greater representation of national interests but it would also constitute a better way to orchestrate the policies of

[Senator Bélisle.]

the federal and provincial governments in the field of telecommunications.

Furthermore, I fear that if we were to set up the Radio-television and Telecommunications Commission before proceeding with the second phase announced by the government, we would arrive at a matter-of-fact situation and that the conference scheduled for next month to reach a compromise would prove a lost cause in advance.

Finally, in my opinion, Bill C-5 represents a step further by the federal government aiming at consolidating its position vis-à-vis the provinces without obtaining their consent or without consulting them.

Although Bill C-5 is an organic piece of legislation, it does contain, in my opinion, some shortcomings that I shall briefly point out.

[English]

Although Bill C-5 is concerned with the internal organization and management of the new commission, with the administrative effect of the transfer of powers from the Canadian Radio-Television Commission and the Canadian Transport Commission to the Canadian Radio-television and Telecommunications Commission, and with the safeguards of the rights of the Canadian Radio-Television Commission's members — the commissioners — and employees, the bill does not mention what will happen to the Canadian Transport Commission's members and employees working with its telecommunications committee. Although it is safe to assume that these persons will stay with the Canadian Transport Commission, or be appointed or hired by the new commission, it would be advisable to have a clause giving them the same protection conferred upon the Canadian Radio-Television Commission's members and employees.

● (1430)

[Translation]

By passing Bill C-5, this house will only emphasize the objections that I have just listed; it will be putting the cart before the horse. To prevent this, it would have been advisable to introduce a bill concerning the agreement between the federal government and the provinces as concerns the new telecommunications philosophy, and then to introduce Bill C-5.

[English]

Senator Carter: Honourable senators, I was going to move that the bill be referred to committee. However, if there are other senators who wish to participate in this debate, I will move the adjournment of the debate to a later date.

Senator Flynn: If Senator Carter wants to close the debate on second reading, he should do so. The question can then be put on the motion for second reading.

Senator Carter: I am not the sponsor of the bill. Senator Forsey is the sponsor.

Senator Flynn: Then you might as well adjourn it on behalf of the sponsor.

Senator Carter: Honourable senators, as Senator Forsey pointed out, this is an administrative bill as opposed to a policy bill. It merely enlarges the size and scope of the CRTC and transfers to the new commission jurisdiction

over telecommunications other than CBC. The only policy involved is consequential on that change.

As I understand it, no questions have been raised during debate on second reading that would require extending the debate, so I am prepared to move—

Senator Flynn: Let the Speaker put the question on the motion for second reading.

The Hon. the Speaker: It is moved by Honourable Senator Forsey, seconded by Honourable Senator Heath, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Carter, bill referred to the Standing Senate Committee on Transport and Communications.

NORTHERN CANADA POWER COMMISSION ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill C-13, to amend the Northern Canada Power Commission Act, which was presented yesterday.

Senator Connolly (Ottawa West) moved that the report be adopted.

He said: Honourable senators, perhaps I should add a word of explanation before the question is put.

This bill was referred to the Standing Senate Committee on Banking, Trade and Commerce and was considered yesterday. There was an amendment proposed in committee which concerned subclause (2) of clause 1. Originally it was proposed that meetings be held on 24 hours' notice to members of the commission. It was felt that perhaps this was inadequate notice, even for emergency purposes, and the proposal, which the committee thought was reasonable, is that there should be one clear day's notice of emergency meetings. This means that if notice is given on a Monday, the clear day, Tuesday, has to expire, and the meeting cannot be held until Wednesday. That seems to be reasonable.

● (1440)

We questioned whether or not it was sufficient to have one clear day's notice of every meeting of the commission. However, we were assured that under the rule-making powers the commission has there are provisions for notices of regular meetings, and those notices are of a much longer duration. There are commissioners, of course, who live in the area of the Territories and the Yukon but there are others who live in Ottawa, and it is only reasonable to think that there should be more than one clear day's notice for normal meetings.

The amendment would also remove the word "quorum" which was not a very happy word in the bill, and substitute the word "meeting." It seems to me that this amendment is a very simple one. I know "simple" is a dangerous word to use here, but it was not a matter of great consequence. We were told that this carries the judgment of the

member of Parliament for the Yukon, who was concerned about this matter when it came before the committee of the other place.

Motion agreed to and report adopted.

On motion of Senator Connolly (Ottawa West), bill, as amended, placed on the Orders of the Day for third reading at the next sitting.

CRIMINAL CODE (COMMUTATION OF DEATH SENTENCE)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Robichaud, P.C., seconded by the Honourable Senator Eudes, for the second reading of the Bill S-21, intituled: "An Act to amend the Criminal Code (commutation of death sentence)".—(*Honourable Senator Neiman*).

Senator Neiman: Honourable senators, I would like this order to stand at the request of the sponsor.

Order stands.

FORT-FALLS BRIDGE AUTHORITY ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Gildas L. Molgat moved second reading of Bill C-367, to amend the Fort-Falls Bridge Authority Act.

He said: Honourable senators, in the western part of Ontario, where the town of Fort Frances is located, the boundary between the Province of Ontario and the State of Minnesota is identical to the boundary between Canada and the United States. It happens to be that historic gateway to the West, the Rainy River, which was followed by the early explorers.

At this time there is a problem with the bridge connecting the two towns of Fort Frances, Ontario and International Falls, Minnesota. The bridge is in a difficult location because of the power plants there, and the installations of the pulp and paper companies, Ontario-Minnesota on the Canadian side and Boise Cascade on the American side. I believe that the present bridge in fact belongs to the pulp and paper companies.

There has been an understanding between the Governments of Canada and the United States, together with the companies, to proceed with the reconstruction of this bridge, but it does involve some rather complicated negotiations because one province, one state, two national governments and about three different levels of municipal governments are concerned in them.

It had been agreed between the Canadian Government and the American Government that each would pass complementary legislation—that is, in the Canadian Parliament and in Congress of the United States—and that they would work together in establishing an authority to proceed with the widening of the bridge. It happens that this is one of the entry points to the tourist area of northwest Ontario, the Lake of the Woods region. During summer periods, this being a two-lane bridge with customs establishments at both ends, there are serious problems and

lengthy delays encountered by traffic using it, and it has become necessary to widen the bridge.

The original legislation passed by the Canadian Parliament provided that construction of the bridge was to start no later than December 31, 1975. Discussions in the American Congress led to a change in the proposed bill there. The bill, which dealt strictly with this one bridge, the Fort-Falls Bridge, was expanded into an omnibus bill covering all international bridges in the United States. Therefore, we found ourselves, having passed this act, not having legislation that coincided with the American legislation. Rather than try to get another bill through Congress, which might take a great deal of time, it was felt that it would be more sensible to amend the Canadian act and permit the local authorities to proceed with the construction of the bridge.

This bill, therefore, basically does two things. It brings the Fort-Falls Bridge Authority Act into line with the American legislation so that, as I indicated, a number of levels of government can work together to accomplish this undertaking. The other purpose is to postpone the date of the commencement of construction, which in the act is December 31, 1975. It is obvious that date cannot be met at this point. Construction has not started yet, and there is not even finalization on the site. This bill proposes to postpone the commencement of construction for five years, to December 31, 1979. This will give time for the further investigations that are required.

There seems to be general agreement from the Canadian side on this point. The Town of Fort Frances has passed a resolution asking that this bill be passed. The Province of Ontario does not appear to have any objections. I therefore recommend the bill for passage by the Senate.

On motion of Senator Haig, debate adjourned.

● (1450)

MEXICO

VISIT OF CANADIAN PARLIAMENTARIANS—DEBATE CONTINUED

The Senate resumed from Thursday, April 10, the debate on the inquiry of Senator Fergusson calling the attention of the Senate to the visit of a delegation of Canadian parliamentarians to Mexico, 6th to 10th January, 1975.

[Translation]

Hon. Jacques Flynn: Honourable senators, I had the opportunity to visit Mexico for the first time in 1960. At that time, I was Deputy Speaker of the House of Commons. The Speaker, the Right Honourable Roland Michener, had been invited by the Mexican government to represent the House of Commons at the 150th anniversary celebration of that country's independence. Because of previous engagements, and as he was in Great Britain at the time, he asked me, to my great pleasure, to represent the House of Commons in Mexico.

I came back from that visit with wonderful memories of the hospitality of Mexico and Mexicans. This year, as a member of the delegation which met with Mexican parliamentarians in Mexico in early January, I had my second experience of the kind. Again I came back with pleasant

[Senator Molgat.]

memories. I might say that they are even better since I got to know more about Mexico.

[English]

It was my pleasure and privilege earlier this year, as a member of a Canadian parliamentary delegation, to pay another visit to Mexico, our other neighbour on the North American continent. I would like at this time to report on that visit, and to share with you a few of the impressions about Mexico that I brought home.

Today's Mexico is not the Mexico of the old caricatures and third-rate Hollywood movies. It is no longer the Mexico of Zapata and Pancho Villa, of banditos and manana, of mere tortillas and tequila. Contemporary Mexico is a land in a hurry. It is a modern, hospitable, dynamic country with a definite purpose and direction. It is a people alive with dreams and brimming with the energy and determination to achieve them.

We have enjoyed diplomatic relations with Mexico for three decades. Yet, it is only very recently that we have really come to know Mexico, and realize how much we have in common with that country. For years there has been scarcely a world issue of any consequence on which Mexico and Canada, as nations of intermediate size, power and wealth, have not made common cause. We have taken similar stances on a multiplicity of issues relating to international affairs, and we have had to solve a number of similar social, economic and cultural problems. All this should have brought us closer together a long time ago, but it did not.

Up until a few years ago we were strangers on the same continent—ignorant of one another as nations and artificially separated by our mutual obsessive preoccupation with the United States of America. But times have changed. And in the past few years Canadian relations with Mexico have expanded rapidly on all fronts—political, economic, cultural and commercial. The visit two years ago of Mexico's President Echeverría to Canada resulted in our entering into important bilateral agreements which gave rise to projects and programs which are proving to be beneficial to both nations.

In the past few years, there have been trade missions to Mexico led by cabinet ministers, Canada-Mexico ministerial committees and bilateral businessmen's committee meetings. These have resulted in highly significant new business operations and have served to further strengthen and extend the network of consultation and cooperation between both governments and both private sectors.

Today, Mexico is Canada's most important diversified trading partner in Latin America. Trade between our two countries is running at somewhere between \$300 million and \$350 million a year. Each of our countries produces a good number of items of which the other is badly in need. For example, if we have fresh tomatoes and strawberries in January, it is thanks to Mexico. On the other hand, if they have paper on which to print their daily newspapers, in large measure it is thanks to us.

As our commercial contacts with Mexico grow, we find more and more new products in which to trade. And the new Canadian tariff preferences for developing countries are serving to further stimulate trade and help restore some of the balance. The balance still favours us quite

markedly. But with the increase in the flow of goods from Mexico to Canada, and the flow of tourists from Canada to Mexico, it should not be too long before a proper balance is achieved.

Mexico has much to offer the Canadian tourist—a very different culture, a most salubrious climate, fine sea resorts and friendly people. And close to 200,000 Canadians a year make a point of visiting Mexico. It is this increase in tourism, facilitated as it has been by new developments in communications, which has, I am convinced, been most instrumental in bringing about the recent rapprochement at the governmental level. After all, if the people of our respective countries get along together and enjoy one another's company, how can their political representatives dare to do otherwise? Maybe there is something to be learned from that—a truth to be applied to the whole of the global village—that peace can only come from increased communication, not of governments with governments but of peoples with peoples.

In the field of international policy, we have walked the same road as Mexico in our relations with the People's Republic of China. Neither of our nations closed its doors to Cuba when Castro came to power. We have shared a common desire for world peace and the independence of sovereign nations in international affairs. Our views on the law of the sea, on disarmament, on protection of the environment, and the control of narcotics are all very similar.

We both share this continent with the wealthiest and most powerful nation in the world. But we are both agreed that, in spite of our friendship for the United States and in spite of its proximity, we owe it to ourselves as nations to diversify our economic and political relationships with other regions of the world.

It is as a result of all these similar outlooks that I think it worthwhile for us to keep working closely with Mexico. Mexico is our link with Latin America. Over the long haul it may be that we can do something significant towards achieving prosperity in all of the Americas.

Honourable senators, I am left, as a result of my recent visit, with the distinct impression that we are making of a heretofore little-known neighbour a close and valued friend.

The exchanges of technicians and specialists in the fields of medicine, agriculture, and industry, which have gone on for a few years now and have proven quite successful, are to continue. And they will grow, as we learned at the January meeting, to include matters more cultural in nature. As a matter of fact, the Mexican government agreed during our visit to send to Canada in the near future a major exhibition of Mexican art and culture, representing the pre-Columbian to modern periods.

The discussions we had with the Mexican parliamentarians covered trade, tourism, agriculture, and increased exchanges of technicians and technologists. We compared political structures and philosophies, and explained our respective constitutions. We exchanged ideas also on foreign investment and air transport policies.

The Mexicans expressed satisfaction with the initial experience of Mexican seasonal agriculture workers in Canada based on the Memorandum of Understanding signed between the two countries. But they did have suggestions for improvements in several of the clauses of the agreement, and for overcoming omissions.

● (1500)

Understandably, the Mexicans would like to see a balance achieved in their trade with us. We explained that we understood their concern and underlined the importance in this regard of continuing discussions at the ministerial and official levels. The consultations we had in January will help significantly in developing greater mutual trust and understanding. We made great strides in eradicating ignorance of one another as nations.

The Mexican emphasis, like the Canadian, seems to be on developing the kind of nationalism that will promote the Mexican economy, rather than point the finger at somebody else as the source of its problems. In other words, Mexico, as I see it, is not on the defensive. It is optimistic, forward-looking, and not the least bit paranoid. It is convinced that its economic success depends primarily on its making the required effort.

Mexico, in its fifth decade of stability, and with 35 years of economic growth behind it, appears to have licked a problem which has scuttled many a Latin American economy. That problem is that sustained growth requires political stability, but the expansion process tends to disrupt the existing social order. In Mexico, that has not happened. The present administration is headed by Luis Echeverria, a Spartan, reformist intellectual, who is youthful, industrious and technocratic. It has vowed to move the republic ahead two decades in its six years in power. And from what I saw and have read, it may well do just that.

Honourable senators, if the goal of these interparliamentary exchanges is to provide us with the opportunity of acquiring a greater appreciation of the other country's problems and aspirations, then this visit was, in my case, a success. I came back with a more profound knowledge of Mexico, and I am thankful for the opportunity of acquiring it. It cannot help but be useful to me personally and as a parliamentarian, and I hope it will be helpful to you that I have made this report.

On motion of Senator Cameron, debate adjourned.

The Senate adjourned until Tuesday, May 6, at 8 p.m.

THE SENATE

Tuesday, May 6, 1975

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITOR IN GALLERY

MR. THOMAS WILLIAM TEMPLETON—VICTORIA LEGISLATIVE ASSEMBLY

The Hon. the Speaker: Honourable senators, it is a pleasure for me to welcome a distinguished visitor from Australia, Mr. Thomas William Templeton. Mr. Templeton is a Liberal member for Mentone in the Victoria Legislative Assembly at Melbourne. We wish him a pleasant stay in Canada.

RESTAURANT OF PARLIAMENT

JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Peters has been substituted for that of Mr. Leggatt on the list of members appointed to serve on the Standing Joint Committee on the Restaurant of Parliament.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Brewin has been substituted for that of Mr. Rodriguez on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Northern Transportation Company Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1974, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Capital Budget of the Northern Transportation Company Limited for the year ending December 31, 1975, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-961, dated April 25, 1975, approving same.

Revised Capital Budget of Eldorado Nuclear Limited for the year ended December 31, 1974, pursuant to

section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copies of Order in Council P.C. 1975-733, dated March 27, 1975, approving same.

Capital Budgets of Eldorado Nuclear Limited and Eldorado Aviation Limited for the year ending December 31, 1975, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copies of Order in Council P.C. 1975-734, dated March 27, 1975, approving same.

Report of the Canadian Egg Marketing Agency for the year ended December 31, 1974, including its financial statements and the auditors' report thereon, pursuant to section 31 of the Farm Products Marketing Agencies Act, Chapter 65, Statutes of Canada, 1970-71-72.

Report on the operation of Agreements with the Provinces under the Hospital Insurance and Diagnostic Services Act for the fiscal year ended March 31, 1974, pursuant to section 9 of the said Act, Chapter H-8, R.S.C., 1970.

Report on operations under Part II of the Export Credits Insurance Act for the fiscal year ended March 31, 1975, pursuant to section 27 of the said Act, Chapter 105, R.S.C., 1952.

Interim report of the Textile and Clothing Board, dated March 26, 1975, pursuant to section 17(2) of the Textile and Clothing Board Act, Chapter 39, Statutes of Canada, 1970-71-72, respecting men's suits imported from the Republic of Korea.

Copies of a letter, dated April 1, 1975, addressed by the Minister of Energy, Mines and Resources to Home Oil Company Limited, Calgary, Alberta, respecting the Home Oil project in the oil sands area.

Copies of communiqué issued following the meeting of Federal and Provincial Ministers of Welfare, held at Ottawa, April 30 and May 1, 1975.

AIR CANADA

SERVICE BETWEEN FREDERICTON AND OTTAWA—QUESTION

Senator Burchill: Honourable senators, I should like to ask the Leader of the Government to inquire from the proper authorities in the Department of Transport as to why, according to the new timetable of Air Canada, which came into effect at the end of April, the direct flight from Fredericton, the capital of New Brunswick, to Ottawa, was cancelled.

Halifax, the capital of Nova Scotia, enjoys a direct flight to Ottawa; Charlottetown, the capital of Prince Edward Island, enjoys a direct flight to Ottawa; St. John's, Newfoundland, via Halifax, enjoys a direct flight to Ottawa, but we in New Brunswick, either from Fredericton or

Moncton, are now being denied this service, which we have enjoyed for years and years. I protest the cancellation of this flight, and I am sure that every senator from New Brunswick joins me in this protest.

Hon. Senators: Hear, hear!

Senator Perrault: Honourable senators, I can appreciate the concern of Senator Burchill over what appears to be a reduction in the Air Canada scheduled service from the important province of New Brunswick to Ottawa. I shall initiate appropriate inquiries, and at the same time hope that the honourable senator will himself direct an inquiry to the management of Air Canada with respect to this matter.

LABOUR CONDITIONS

STRIKE OF LONGSHOREMEN IN QUEBEC—BACK-TO-WORK LEGISLATION—QUESTION ANSWERED

Senator Perrault: Honourable senators, I would like to provide information to the Senate at this time with regard to federal government action regarding enforcement of the legislation ordering St. Lawrence ports longshoremen to return to work.

As I stated last week, the government has applied to the Quebec Superior Court for an injunction which would, if granted, have the effect of ordering the return of the longshoremen to work. Let me say on behalf of the government that we are what could be described as cautiously optimistic that the injunction applied for will be granted, and this will have the effect of having the men return to work.

The Minister of Justice is considering criminal prosecutions of those persons who have not obeyed the law passed by Parliament. Such criminal prosecutions would be pursuant to either the Criminal Code of Canada or Part V of the Canada Labour Code.

I hope to be able to report to the Senate the results of the government's application to the Quebec Superior Court as soon as the judgment is announced.

Senator Flynn: May I ask the Leader of the Government if the situation at the ports of the St. Lawrence has anything to do with the decision of the Minister of Justice to proclaim this week or next week—I am not sure which—the week of observance of the law in Canada; or is it because of the statement made by the Solicitor General of Canada that the criminal law pertaining to the death penalty will not be observed as long as he holds that portfolio?

Senator Perrault: Honourable senators, respect for the law has always been a matter of great concern to this government, and it is by a mere conjunction of events that next week is Observance of Law Week.

While I am on my feet, honourable senators, I would refer to a comment by Senator Yuzyk the other day about a question posed by him on March 26 regarding multiculturalism, and inform the house that a long reply has now been received, which I hope to be able to give tomorrow afternoon.

TAX TREATIES

COUNTRIES WITH WHICH CANADA HAS CONCLUDED TREATIES OR CONVENTIONS—QUESTION

Senator Grosart: Honourable senators, may I direct a question to the Leader of the Government? Would he inform the Senate with what countries Canada has concluded since 1971—the date of the so-called Tax Reform Act—a tax treaty or convention relating to the avoidance of double taxation or fiscal evasion? Also could he say with what countries negotiations are at present proceeding, and would he also give us a list of the countries with which such treaties or conventions are currently in effect. I use the phrase “tax treaties or conventions” because in the latest release on the subject the heading is “Tax Treaty with France,” which turns out to be in the text a convention. I am not suggesting there is any great difference, but I use the two terms to expedite the leader's answer.

Senator Perrault: Honourable senators, because of the detailed nature of this question, I shall take it as notice and I shall endeavour to provide the information as soon as possible.

NORTHERN CANADA POWER COMMISSION ACT

BILL TO AMEND—THIRD READING

Senator Bourget moved the third reading of Bill C-13, to amend the Northern Canada Power Commission Act.

Motion agreed to and bill, as amended, read third time and passed.

● (2010)

FORT-FALLS BRIDGE AUTHORITY ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, May 1, the debate on the motion of Senator Molgat for second reading of Bill C-367, to amend the Fort-Falls Bridge Authority Act.

Hon. J. Campbell Haig: Honourable senators, this is a bill which was introduced in the House of Commons by Mr. John M. Reid, member for Kenora-Rainy River. It is a bill to amend the Fort-Falls Bridge Authority Act, which provides a bridge between Fort Frances in Canada and International Falls in the United States. This matter has been under discussion between Fort Frances, Ontario and International Falls, Minnesota for many years.

The present bridge was built by the paper company, M&O—or O&M, if you prefer—now owned by Boise Cascade and is for their own purposes between the two mills, one on each side of the Rainy River. A traffic lane was added for cars, but it is not sufficient to take the number of tourists coming into Fort Frances.

Fort Frances is a mill town and an entry to the Rainy River and Lake of the Woods tourist areas. It is situated some 280 miles southeast of Winnipeg. The amount of traffic which passed through there in 1974 is as follows: United States automobiles, 195,219; commercial vehicles, 2,496; other vehicles, 1,494, making a total of 199,209. Canadian traffic during the same year was: automobiles, 134,246; trucks, 7,226; other vehicles, 1,385, making a total

of 142,857. The number of United States citizens entering Canada at Fort Frances by automobile was 534,477, and by bus, 7,685, for a total of 542,162. Honourable senators will therefore see the value and necessity of an improved bridge between the two municipalities.

The present bridge is in the downtown area of Fort Frances, and in view of the number of people, trucks and buses passing over it the traffic congestion caused between Fort Frances and International Falls can well be imagined. The new bridge will be financed by tolls, and each country must provide the land for the approaches. This has been done on the Fort Frances side.

This amendment is to provide for the completion of the bridge between December 31, 1975 and December 31, 1979. It is expected that commissioners will be appointed from each country to prepare the plans, build the bridge and operate it.

To my mind, this bridge is a necessity because the congestion on the Fort Frances side is astonishing. The United States has moved its Customs and Immigration offices about 200 or 300 yards from its end of the bridge. A large number of local people are continually passing over it. Of course, it is important to remember that Fort Frances is the port of entry for tourists going to the many fishing and hunting camps around the Rainy River and Lake of the Woods.

I do not think this bill need be referred to committee because it was before the Transport and Communications Committee of the other place on February 20, 1975, when Mr. John Reid, the sponsor, stated that the two purposes of the bill were, first, to complement the omnibus bill which was passed by the United States Congress, applying to all international bridges; and, second, to extend the completion date beyond December 31, 1975. The Government of Canada has supplied vacant land on the Ontario side, about two or three miles north of Fort Frances. This will relieve the congestion on the United States side.

This bridge is in the constituency of Kenora-Rainy River, for which Mr. Reid is the member. This seat was held by the Honourable Senator Benidickson before he was summoned to the Senate.

I strongly commend this bill to the favourable consideration of the Senate on second reading.

Hon. Gildas L. Molgat: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if Senator Molgat speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Gildas L. Molgat: Honourable senators, I thank my honourable colleague from Manitoba, Senator Haig, for his comments on the bill. I agree totally with everything he said.

There is a great deal of urgency to proceeding with this matter. It might be asked why it is that we have to have an amendment now to an act that was passed some years ago. It is because of events that occur when dealing with a number of jurisdictions. The construction of this bridge involves two national governments—the Government of the United States and the Government of Canada—the Governments of the States of Minnesota and the Province

of Ontario, and the municipal governments of Fort Frances and International Falls.

The need for the bridge is evident. What Senator Haig stated is absolutely accurate. One need only drive through there on a summer weekend to see how urgently needed is the work we are discussing; how urgently this bridge is required.

If there is no disposition to refer the bill to committee—and I do not believe there is any need for that—we can complete second reading now and have third reading when the proper time has elapsed. I support Senator Haig in that regard.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Haig: Next sitting.

Senator Molgat: Next sitting, or if there is any disposition, with leave, now.

Senator Flynn: May I ask the sponsor whether this is a private bill? If it is a private bill, I think it has to go to committee, unless we have changed our rules.

● (2020)

Senator Molgat: The original act, passed on June 30, 1971, was a public act. I would assume that this amending bill with which we are dealing now is a public bill. I am prepared to follow whatever the normal routine is.

Senator Grosart: Read the title of the bill.

Senator Molgat: I am advised that it is in fact a public bill.

Senator Molgat moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

THE SENATE AND HOUSE OF COMMONS ACT, THE SALARIES ACT AND THE PARLIAMENTARY SECRETARIES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Raymond J. Perrault moved the second reading of Bill C-44, to amend the Senate and House of Commons Act, the Salaries Act and the Parliamentary Secretaries Act.

He said: Honourable senators, Bill C-44 deals with indemnities and allowances for members of both Houses of Parliament. This measure simply gives recognition to the fact that since the allowances and indemnities were last adjusted in October, 1970, there has been a substantial reduction in purchasing power. The \$18,000, which was designated as a fair indemnity at that time in terms of purchasing power, has declined something in the order of 38 per cent. This is part of a worldwide phenomenon which has seen the erosion of currencies. Despite the fact that Canada has done better than most nations in the fight against inflation, inflation has affected the allowances and indemnities paid to members of Parliament, whether they serve in the House of Commons or in the Senate.

In addition, the expenses associated with being a member of Parliament have escalated significantly, indeed

dramatically. It should be noted that between October 1970 and July 1974, which was the beginning of the present Parliament, the industrial composite index rose by something like 37 per cent. In fact, the increase in the industrial composite index between those dates was somewhat more than 37 per cent, and between July 1974 and the present time, there have been further increases.

There have been many articles written by a good many people about elected officials at all levels of government. I have served in public life now for over 16 years, and I have yet to meet anyone who entered public life in order to become rich and affluent. I am sure all honourable senators, including a number who have served much longer than I, will agree with me. Public life, wherever we serve, requires considerably greater motivation than the motivation of personal aggrandizement.

As I have stated, I know of no person, in my years of service, who has aspired to the goal of becoming wealthy in public life. Indeed, I know of no one who has achieved that goal. I do know of many in public life who have exhausted all their personal resources and have become heavily in debt in the process. They have made sacrifices that are above and beyond the call of duty. Some of the personal sacrifices as far as their families are concerned are beyond description.

Most of those who serve in public life do so because they believe they have a contribution to make to this country. They do not complain about the financial rewards. The fact is that there are intangible rewards that come from public service which only those who serve in Parliament, the legislatures and municipal councils, can have knowledge. Without question, at the present time many parliamentarians are in real financial difficulty. Many of them do not like to admit it; it is a matter of pride to them. You know them and I know them.

The government has decided, in the interests of supporting a policy of restraint, to recommend an upward adjustment of only 33⅓ per cent in indemnities and allowances for the more than four-year period since the last increase, rather than the almost 40 per cent amount supported by the industrial composite index and the cost of living figures. Indeed, one of our colleagues, the Honourable Senator Lawson, recently wrote an excellent essay on the subject, comparing the proposed adjustments in allowances and indemnities paid in Parliament to those in other sectors of our community. I thought it a very excellent effort indeed.

Hon. Senators: Hear, hear!

Senator Perrault: In this bill now before us, Bill C-44, it is proposed that annual adjustments be made on the basis of the intervening changes in the industrial composite index. The first annual adjustment would take place at the beginning of 1976.

Between 1970 and 1974, members of Parliament were probably one of the few sectors in the community to hold the line. I know there are some critics in the other place and some commentators who have said, "Well, the adjustment in late 1970 was designed to hold you over for a few years." That is precisely incorrect. Some honourable senators will recall the debate of that year, in which the 1970

adjustment was to make up for the period 1962 to 1970—and not to extend into the future.

The current one-third increase, representing a catch-up over a five-year period, constitutes one of the most moderate adjustments to be found anywhere in the country. I must say, honourable senators, that when I read the comments of some of our friends in the media, who have written of "parliamentary greed," I can only remind them that during the comparable 1970-75 period the street price of some of Canada's newspapers has increased by 100 per cent. And subscription rates have skyrocketed by far more than the one-third increase proposed for members of Parliament.

The last increase members received was in 1971 and related back to 1970. It was designed to cover the period 1962 to 1970. During that time members of Parliament denied themselves any further increases. The 1971 increase was 50 per cent, yet increases in many other categories of service during the comparable period went substantially beyond that. For example, many newspaper reporters and editorial writers on the West Coast received a 58 per cent increase during the same 1962-1971 period. And if members of Parliament had proposed for themselves the same percentage increase as that negotiated by members of the West Coast journalistic profession between 1971 and 1975, they would have been asking for a 70.5 per cent increase.

● (2030)

I mention these figures facetiously because, after all, perhaps it is unfair to compare the situation of members of Parliament with that of people in television, radio and the news media generally. As public servants we have our own standards to establish, and our own responsibilities. I do not want in any way to reflect on the hard-working members of the press gallery, because I do not think anyone resents what they receive. But I want to remind them that the increases sought by members of Parliament are not inordinate, and they are not out of line.

The question is often raised: When is it a good time to increase indemnities? I have been in public office for some time, and I know the honourable Leader of the Opposition has as well. I am aware that many of you have served in this place for many years. The answer to the question is that there is never a good time to raise indemnities. One of the most difficult tasks confronting those in public life is to establish a level of indemnities which will enable those of even moderate means to serve in Parliament. Surely we do not want a situation where only those people with substantial private means can afford to serve in Parliament. That would not be the kind of representative body we require here. Surely, we do not want only those people to serve in Parliament who have been able to divest themselves of all financial responsibilities in that their youngsters have grown up and are now in the workaday world.

Honourable senators, the bill before us provides that at the beginning of the next Parliament the Governor in Council shall appoint commissioners to inquire into the adequacy of the annual variations of sessional allowances payable to members. That, I think, is substantial progress. The agonizing, periodic process which occupies so much of Parliament's time and public attention is a difficult

experience for everyone. Hence the proposal to appoint these commissioners at the commencement of each new Parliament to inquire into the adequacy of the annual variations in sessional allowances payable. The commissioners are to report to the Governor in Council within six months of their appointment, and the report is to be laid before Parliament.

In Bill C-44, honourable senators, you will note that the proposed increase on the expense side, from \$4,000 to \$5,300 for senators, representing a one-third increase, is considerably less than the increase for the members of the House of Commons. I think you will agree that this is as it should be in view of the generally higher expenses of members of the other place. It must be acknowledged that in many cases the constituency responsibilities of members of the other house result in substantially greater financial demands.

However, let me say at this time that there has been a regrettable lack of understanding about that which constitutes so-called tax-free allowances. That term is bandied about quite a bit these days. You and I know that in every business and profession there is a range of expenses which are not entered as income on any tax return. For example, those in business have legitimate entertainment expenses in connection with their activities which are not taxable. For example, on occasion members of the press take members of Parliament out to lunch. That has been known to happen! I know our friends in the press gallery do not regard entertainment lunch money as any great tax-free "plum" which they should show as a benefit at the end of the tax year. Nor should any of those in business have to pay out of their own pockets for taxi rides, hotels and those journeys which must be taken as part of their official, professional responsibilities.

Honourable senators, I think it is rather paradoxical that in their negotiations with their employers, all of the professions, those in the great trade union movement, do not include any of these items as being equivalent to tax-free income. Yet we continue to hear the complaint that members of Parliament get big, rich "tax-free" income while the rest of Canadians have to pay taxes. This tax-free income is supposed to represent a "special privilege." Well, they have not seen the parliamentarians up in the dining room at noon treating large groups of visiting people from back home to lunch, otherwise they would have some idea of where the "tax-free" allowances go—this, and toward maintaining two residences.

There are those in public life who are bewildered by the lack of appreciation of the situation facing members of Parliament who, in their own way, are required to expend a great deal of money on expenses. For some reason this expense money is, as I have said, inevitably described as a tax-free allowance—a "bonus" on top of everything else. And I read an article over the weekend by one of the respected journalists in this nation, who reported dramatically to his readers that, in addition to the substantial increase in so-called "tax-free allowances," a member of Parliament receives 52—count them—52 free trips a year aboard Canada's air lines. Indeed, you know, for those members of Parliament, particularly those who live in the extremities of the country, a free trip to work once a week from back home to Ottawa does not have that much

[Senator Perrault.]

fascination. A free trip to work, leaving the family, on the Sunday night "midnight coronary special" from British Columbia back to Ottawa, is not really something you would put in the luxury category. Frankly, it may be said, "Thank God that we have men and women willing to make this kind of sacrifice in order to achieve something worthwhile for Canada."

During my public life I have served both in a provincial legislature and in Parliament. As other honourable senators who have had the same experience will agree, the provincial sessions are substantially shorter than the year-round schedule we are on in Ottawa. Nevertheless, since 1970 every provincial legislature has increased its indemnity levels, and some of them are substantially more attractive than parliamentary indemnities. For example, in my home province of British Columbia, where we have a government of a well-known political persuasion, one of the first bills introduced allowed the Premier of British Columbia to increase his personal indemnity well beyond that paid to the Prime Minister of Canada. He said that the working people of British Columbia did not want him to go second-class.

His second move—and I believe my honourable colleague from British Columbia, Senator Lawson, described this in one of his articles—was to increase indemnities for his backbenchers to \$16,000 a year taxable and \$8,000 tax-free expense money over a ten-week session. In addition to that, certain committee work was to be covered at the rate of \$50 a day, and I understand they are talking about increases.

The fact is that while most MLAs across this country work diligently, I think nothing really compares in public life with the schedule of those who work in Parliament. That fact should be reiterated and restated time and again, because the fact is not always appreciated by those who write news for the people of this country.

And it may be interesting to compare Parliament, which in fact is the citizens' highest court, with the Public Service. There are something like 25,000 federal public servants today receiving more remuneration than members of the House of Commons, and a substantially greater number than that receive more than those who serve here in this place.

● (2040)

The bill before us has been modified and amended in line with representations made in the other place, and I do not believe that we are in a position at this stage usefully to begin the process anew. I do welcome the measures which are included in the legislation to improve the position of our good friends in Opposition in this place. They have a difficult task, and I think we all share the view that our parliamentary system works much better with a vigorous, alert and determined Opposition.

As honourable senators are aware, Bill C-44 has enjoyed the overwhelming support of both Government members and members of the Official Opposition in the other place and, indeed, at least some support on the part of the minority parties. In fact, there has been support in the other place from representatives of all parties.

I would just like to review the salient facts again. The bill, in its original form, called for indemnities and allow-

ances that were somewhat higher than those in the measure before us. You will recall the great dispute about the 50 per cent. Owing to serious misunderstandings in some quarters as to the true nature of the increase, in that it was to cover a period of eight years, representing in fact an increase well within all the established guidelines, parliamentarians have evolved a different method of remuneration, which is to be found in this bill. The different method adopted in the present bill calls for an increase as of the beginning of this Parliament of 33½ per cent above the prevailing indemnities and allowances. Again, this increase is several percentage points lower than the increase in the industrial composite index, from the effective date of the last adjustment until the beginning of this Parliament. Thereafter, beginning in 1976, the bill calls for an annual adjustment in indemnities and allowances in accordance with the percentage change in the industrial composite index between the two preceding years, subject, however, to a maximum increase in any year of 7 per cent.

I have described the proposal to have a commission to review the entire range of indemnities at the commencement of the next Parliament.

This measure, in its present form, represents an equitable solution, and a solution which is the result of a great deal of discussion. It is a solution as satisfactory as we are likely to get at the present time. It is a measure which will provide at least some relief for members of Parliament, many of whom are experiencing great economic difficulties.

Honourable senators, I commend this measure to you, and I hope you will give it your support.

Hon. Edward M. Lawson: Honourable senators, I should like to make a few comments in support of this legislation, and to make a few constructive criticisms.

I recall participating in a similar debate in 1970 in this chamber, and offering the advice to the government that they should find a different method of dealing with wage increases for members of both houses and members of the judiciary. The government obviously was not impressed by that advice, because they totally rejected it, and I have the scars to prove it. I think perhaps they should have the minister responsible for introducing the bill in the other chamber spend a short semester in some of the union halls, or in the boardrooms with management, learning how to negotiate.

I wrote an article on this subject, because I was troubled somewhat by a series of editorials that I read which said things like, "too sordid for belief," and "the increase was too outrageous to be believed." They talked about the venality of politicians; they accused us of being wickedly irresponsible, and said that it was a self-seeking raid on the treasury.

In reading all of the articles across the country that I have had the opportunity to see, I found, no matter how I searched, that I could not find one expressing the other point of view. I therefore wrote my article, and I called up the publishers of that great newspaper, the *Vancouver Sun*, and said, "Perhaps, as a refreshing experience for your newspaper, you will print the other side of the argument." To my surprise, they agreed. It was suggested by some of the newspaper types that I wrote the article

out of a sense of guilt, and that is true. I did it out of a sense of guilt but not, as they suspected, a sense of guilt arising from a feeling that we were receiving too much, but a sense of guilt that as a union representative I was responsible each week of the year for negotiating large increases for many sections of society while idly watching people on fixed incomes, such as judges, and members of the other house and of this house, not receiving any increase. It was indeed a sense of guilt.

I was accused of being opposed to senior citizens and their rights by supporting the legislation. Let me say at the outset, however, and set the record straight, that that was a vicious attack by some of the newspapers and their columnists, because I said that the increases for senior citizens were not relevant to this debate. So that there is no misunderstanding, let me say that I am prepared, as at least one member of this house, to support a 50 per cent increase to senior citizens. I am prepared to take off the top of the gross national product whatever is necessary to give senior citizens a decent standard of living. But that still has nothing whatever to do with the issue we are talking about in this legislation.

I did some research among material that was readily available to me, since I was responsible in many ways for the increases I am about to mention, and took some categories of workers at random. I took, for example, the woodworkers, because they represent 50 per cent of the economy of British Columbia. In a four-year period they had not received a 50 per cent increase; they had only received 49.8 per cent, and they are back in negotiations now.

I took plumbers, to see what they had done. In the five-year period, including 1975, they received 56.8 per cent.

I took teachers, because I did not want to single out the trades for comment. Teachers received 63.9 per cent, including a very handsome 16.5 per cent for the year 1975.

I took the labourers—and it was suggested to me that that was a fair comparison with us—and noted that they had received 88.7 per cent, which included 15.2 per cent for 1975.

Of course, the cause of all these nasty and vicious editorials are the journalists and newsmen. I thought, "Let us see what they have done." I recall vividly that in the previous nine years, when we received an increase of 50 per cent, they received 68 per cent. On this occasion, for the years 1971 to 1975 inclusive, they received an increase of only 70.4 per cent, and are presently enjoying, in the year 1975, a very handsome increase of 17.5 per cent. I do not begrudge newsmen, or all these other classifications of people, those kinds of increases.

It should also be pointed out, however, that in each of those years they received retroactive pay. They received a benefit in each year, and that applies to any classification you want to name. The newsmen already have in their hip pockets a cash increase of \$12,678. The labourers have already received the benefit of \$15,977; the plumbers have only received \$10,216; teachers have only received \$11,511. This is money they receive each year to offset inflation and the high cost of living. This is money they have had in their pockets to invest or spend, or otherwise benefit from.

No such provision is contained in this bill except, as I understand it, that making the increase retroactive to the beginning of this Parliament.

● (2050)

So, while I do not begrudge any of these groups those very healthy increases, I really think that the rule of clean hands applies, and that journalists and editorialists have just as much responsibility in their field as we have in ours. They have a duty to say, "While we are attacking the government and members of both houses for this very large and exorbitant increase—which has now been reduced to 33½ per cent—we have only had the benefit of a 70 per cent increase ourselves." I think that instead of being on the defensive—and we have to assume some of the responsibility for being in this box—we should take the offensive and say to the Canadian public at large, "Yes, you are paying a fair wage, but you will be getting a good return on your investment, the investment you are making in the sacrifice of your public servants."

It is becoming even more difficult in British Columbia. The Leader of the Government pointed out some of the things that are taking place in that province. It is becoming difficult for industry and unions with their representatives to compete with the salaries paid by the provincial government. In this article I prepared I have some of them: Commissioners, \$34,000; Compensation Board, \$39,000; Associate Deputy Ministers, \$33,000; Labour Relations Board Deputy Minister, \$43,000, and so on. To my chagrin, the day the article came out it was obsolete because the provincial government raised all categories by an additional \$5,000.

But the thing that really troubles me about that is that at no time while this provincial government, this NDP government, was putting in these increases—and I do not begrudge them; I am not opposed to them—I did not hear one word of protest from the members opposing it in the other house. There was not a single word; there was absolute silence at raising the Premier of British Columbia to a higher scale than that of the Prime Minister of Canada. There was no protest against doubling the increases for members of the provincial house, and there was no protest against raising these various civil servants to an average of about \$40,000 a year. There was not one word of protest. Now if they want to oppose this increase on its merits, and if they are opposed to it, then all I can say is that they are truly the best judges of their own worth.

Honourable senators, I think we have an obligation to speak out. The Leader of the Government talked about the civil servants who are being paid well, but he failed to mention that there are more than 1,000 civil servants in this city alone earning in excess of \$60,000 a year. There is no word of protest about that, and it is more than double what is being paid to members of either house.

I think we should also put an end to the very invalid argument that Senator Perrault mentioned about the question of expenses, but again we will read tomorrow in every newspaper across the country articles relating and tying the expenses to our salaries. Coming from British Columbia, I know of no member of either house who is not spending 100 per cent of his expenses and more. I know of nobody in private industry or among union representa-

[Senator Lawson.]

tives who are getting only \$4,000 or \$8,000 tax free. The average in my office for representatives is \$15,000 a year tax free. We do not tally this as part of their salary; it relates to fares and travelling. Yes, we get 52 trips per year and 10 to other parts of the country, and there is some criticism because you are allowed to bring your spouse six times a year to Ottawa. I think that was occasioned when they allowed conjugal visits for prisoners once a week and they thought the senators could handle it six times a year.

I read an article last week which said that members of the Senate are going to get this substantial salary for working seven hours a day. Well, when Senator Perrault and I put in seven hours, we have not yet reached the Chamber. We are still on our way to the airport because, like our good friend from New Brunswick, we do not have a direct flight either. So, honourable senators, I think that at every opportunity we should point out, loud and clear, some of these issues.

I have also read criticisms about the parliamentary restaurant. I had dinner with some of our labour friends who were here from Whitehorse, trying to get a preview of what is going to happen when they get a member in the Senate. While we had dinner we talked about the low rate that one has to pay there. It is really a matter of comparison. When somebody asks, "How is your wife?" the reply is, "Compared to whose?" We pay \$2 for a meal, but when I worked on construction I got free room and board and did not pay anything. And this happens with most tradesmen across the country.

I do not mind honest and objective criticism, but surely we are entitled to demand of our friends in the press that it be honest and fair criticism.

What is happening with increases in wage negotiations? I am not even too proud to report it because the average increase in Canada for the last quarter of 1974 was 19.4 per cent. The average of the settlements made in the first quarter of this year, 1975, has been 15 per cent. So, while there is concern, and while there will be criticism levelled by the press at this increase over a four-year period of 33½ per cent, most organized unions will have received in the year 1974-1975 at least 34 or 35 per cent. A settlement was negotiated on Monday—Senator Perrault may be interested to know this—in Surrey after a strike of six or eight weeks. The union accepted the argument of the municipality that they could not afford any more, and so they accepted a "cheap deal" of 35 per cent plus a cost of living increase for two years.

Surely in the face of that—and I think there is a need, as a separate subject, for trade unions to concern themselves about these high increases—there is a need to concern ourselves with what is happening to less fortunate groups who do not have these recovery powers. When that is measured and compared with what is happening to people on fixed incomes in this chamber and in the House of Commons, and judges, I think we can stand any kind of scrutiny, as a fair comparison shows that no one here is being overpaid.

Speaking of the judges, I do not know when amendments to the Judges Act are coming in, but I hope that the government is going to introduce them quickly. While there are members of both houses, as Senator Perrault pointed out, who do not want to admit, out of a sense of

pride, that they cannot afford to continue to function, there are members of the bench who are in desperate straits and who need those increases. I do not think it is good enough for us as citizens of Canada to demand from our best legal brains in the country tremendous sacrifice and a tremendous workload, and then say, "However, you understand, we don't make any adjustments if we don't pay you as well as a plumber or a labourer, and we cannot give you a decent salary." We must recognize that most judges are on the bench during their peak earning years, and are making a sacrifice of at least two or three times the salary they receive, which they are contributing to the people of Canada whom they serve. I do not think it is good enough for the people of Canada to expect that kind of sacrifice by way of talent, family, and so on, from judges, and from members of the House of Commons and members of the Senate, and also expect those people to work for less than the average scale.

Honourable senators, I am not going to propose any amendments or attempt to impede the progress of the bill, but I think the government made a mistake in not putting in at least 37.1 per cent, which would do nothing more than restore us to the 1970 purchasing power. But the decision has been made, and they have at least now provided a formula which is going to improve the situation in the future, and I hope they will move speedily on the Judges Act. I think we should be simply saying, loud and clear, that the people of Canada are well served by their members in both houses at considerable sacrifice, and they are getting an excellent return on their investment.

On motion of Senator Flynn, debate adjourned.

● (2100)

PETROLEUM ADMINISTRATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Harry Hays moved the second reading of Bill C-32, to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade.

He said: Honourable senators, this is intended to provide various mechanisms for the better governance of the oil industry in Canada. It is in some respects a successor to Bill C-18, which died on the Order Paper with the dissolution of Parliament on May 8 last year. In some other respects it contains additional features which take account of changing circumstances and developments in international and domestic trade in oil and gas. The changes and stresses which have occurred in the international oil industry since the fall of 1973 are matters of common knowledge. They have seriously challenged the economic base of the world's trading community. Canada has participated in a response at the international level, as indicated by the agreement on an international energy program.

Because of its geographical and geological good fortune, Canada has been less seriously affected than a number of other countries. We are nonetheless affected by the change in the world situation, and we wish to play a constructive role as a member of the international community while at

the same time taking action to protect ourselves as Canadians.

I have referred to the international action being taken. In the bill before us this evening we are dealing with domestic action contemplated to protect ourselves in this new situation. Bill C-32, the Petroleum Administration Act, is intended to provide the federal government with a statutory basis for the management necessary in the interests of all Canadians of important areas of international and interprovincial trade in petroleum and natural gas. Enactment of the legislation is essential if the government is to guide the Canadian energy economy safely in the present turbulent global environment.

The bill before us is lengthy and is complex in parts. However, honourable senators will perhaps be familiar with many of the aims and much of the content of the measure. The portions of the bill dealing with (a) petroleum export charges; (b) domestic oil price restraint; and, (c) petroleum import cost compensation, are essentially unchanged from the corresponding parts contained in Bill C-18 which was introduced to the last Parliament in April of last year. A new part deals with natural gas. The objective of this part is to provide for that commodity a regime similar to that proposed for oil. The intention is to provide an equitable pricing regime for Canadians in both producing and consuming provinces. In addition, this part looks to an eventual equalization of commodity value between natural gas and other fuels.

The bill is in five parts and I will attempt to explain it by these parts. Part I deals with petroleum export charges. This part of the bill is intended to replace the Oil Export Tax Act, 1974, by which Part III.1 was added to the Excise Tax Act.

It had been intended during the last session of Parliament that Bill C-18 would replace the Oil Export Tax Act. With the death of Bill C-18 on the dissolution of Parliament, industry was asked to continue paying the "charge" on a voluntary basis by a telex of May 9, 1974, from the Minister of Energy, Mines and Resources. Industry has complied with that request. The rates of "voluntary charge" were recommended and the charge collected by the National Energy Board. Instead of the flat rate imposed by the Oil Export Tax Act on all oil grades exported, different rates were set selectively on varying kinds of product.

The "voluntary charge" and the selective rates on product kinds are established by clause 6, and implemented with retroactive effect by clause 95.

The administration of the charge, and the duty of advising the minister on the amount for a given month, rests with the National Energy Board. The minister is then empowered to apply his own judgment following which he recommends the tariff to the Governor in Council. The charge is payable by the person under whose export licence the export is made. This is exactly as under the Excise Tax Act, Part III.1, and the Oil Export Tax Act. If there is no "exporter" the charge is nevertheless payable by a person who in fact exports oil.

The minister responsible for administering Bill C-32 is the Minister of Energy, Mines and Resources, to whom the export charge is payable, although it is provided that the

National Energy Board shall administer Part I and collect on behalf of the minister the export charges.

Clause 12 provides for exemption or reduction of the export charge, much along the lines of section 17 of the Financial Administration Act, which provides for remission of taxes. There are penalties for default.

Part II of the bill is designed to implement certain stated aims of the government's oil and gas policy. A central feature of our oil and energy policy relates to the pricing of domestic crude oil. The government's declared policy is that domestic oil prices should reach but not exceed the level required to bring forward an adequate supply for Canadian requirements. Part II is intended to achieve, so far as is practicable, a uniform price, exclusive of transportation costs, for crude oil used in Canada outside its province of production; to achieve a balance in Canada between interests of consumers and producers; and finally to protect Canadian consumers from instability of pricing in the international petroleum market.

Part II is divided into two sections: Division I, Price Restraint; Division II, Additional Price Restraint. Division I aims to achieve the objectives of Part II by agreement between the federal government and the governments of producing provinces. When an agreement has been reached the Governor in Council may issue regulations establishing maximum prices for the various qualities and kinds of crude oil to which the division applies. There are administrative provisions for giving effect to the price restraint imposed by the regulations of the Governor in Council.

Division II provides a second stage mechanism to be used to achieve many of the objectives of Part II, when the federal-provincial agreements provided for in Division I are not reached, are terminated, or prove ineffective.

• (2110)

Division II, in such an event, takes to the federal government power to administer interprovincial trade in crude oil, and to regulate the prices at which such trade is carried on. Division II comes into effect on a date to be fixed by proclamation, and the Governor in Council may direct that the National Energy Board assume supervision and regulation of the movement of crude oil out of an exporting province. The proclamation is subject to negative resolution of the House of Commons, according to procedures detailed in the bill. Two days of debate are provided for. This is one of the last amendments.

The part provides for a system of licences, and no one but a licensee may carry out certain interprovincial transactions. Intraprovincial transactions may be carried on by a non-licensee, thus avoiding a challengeable interference by the federal power in matters under provincial jurisdiction.

As in Division I, there are provisions for offence and punishment.

Part III of the bill is the new section I referred to earlier. It is intended to achieve for Canadian source gas in interprovincial trade the same results as are intended by Part II for oil; that is, to achieve a uniform price, exclusive of transportation and service costs, for gas used outside its province of production; balance the interests of consumers and producers; protect consumers from insta-

bility of prices for gas, and also preserve a reasonable balance between the prices of alternative fuels in Canada. These last words open the door to commodity value pricing of gas.

The basic mechanism is similar to that of Part II, but it is simpler in application. Whereas Part II is split into Divisions I and II which deal respectively with the "federal-provincial agreement" and the "exercise of sole federal power" bases, Part II achieves similar results without the licensing scheme required by Part II, Division II. This is because of the different natures of the two industries. Since the pipeline companies in the case of gas are purchasers, not merely carriers, it is much simpler to police the interprovincial transactions.

Part IV, dealing with cost compensation, is intended to fit imported oil and product into the same uniform price policy as is to be achieved in the case of domestic crude by Part II.

The price of overseas crude is higher than that of domestic, but oil companies' market recovery is limited on a "voluntary" basis at levels suggested from time to time in a manner to be prescribed by regulations. To date, in the absence of a statutory base, the manner has been that of guidelines issued by the minister. To compensate the companies for the difference between their high overseas costs and their limited domestic market recovery, compensation is payable.

Part IV provides that the detailed elements of compensation will be specified in regulations to be made by the Governor in Council and administered by the Energy Supplies Allocation Board. A periodic parliamentary check will be available since the funding will be by budgetary appropriation.

There is provision in Part IV, Division II, for compensation in certain abnormal circumstances, for transportation cost increases incurred in moving crude and allied products from points in Canada to other points in Canada. This may be of great value in an emergency, when it is necessary to move western crude to eastern refineries, or eastern product to western markets, without disturbing the "single oil pricing policy." Such a scheme will come into effect only temporarily, and only on the direction of the Governor in Council.

The act provides in many places for the exercise of judgment, for the exercise of which detailed information on various aspects of the oil industry is necessary. The information required to base the price maxima which may be fixed pursuant to the bill calls for detailed information on prices, quantities, qualities of crude oil and products, and geographical markets. The whole of Part IV, which provides for the disbursement of parliamentary moneys to eligible members of the oil industry, requires of the minister and the persons exercising the discretion and authorizing payments that they be well informed. Part V provides, subject to certain limitations as to confidentiality, that all necessary information will be made available to the minister.

Honourable senators, I have tried to explain, as well as I could, the purpose of this very complex and detailed bill, which I recommend to you. I hope that we see fit to send it

[Senator Hays]

to committee where honourable senators may ask questions of officials on some of the detailed aspects of the bill.

On motion of Senator Grosart, debate adjourned.

FARM CREDIT ACT

BILL TO AMEND—CONSIDERATION OF REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Agriculture on Bill C-34, to amend the Farm Credit Act, which was presented Thursday, May 1, 1975.

Hon. Hazen Argue, Chairman of the Standing Senate Committee on Agriculture, moved that the report be adopted.

He said: Honourable senators, the Standing Senate Committee on Agriculture, in its report, has proposed an amendment to the bill and has made two recommendations. The reasoning behind the recommendations is set forth in the committee's report.

The proposed amendment would make a larger loan available to persons up to the age of 40 years rather than 35 years, as provided in the bill that came to us from the other house. The majority of committee members felt that with respect to loans for young farmers, the maximum of which is \$150,000, the cut-off age of 35 was too low. They felt that many farmers over that age might be in need of such a loan and should be eligible to receive it. The committee amended the bill accordingly, substituting 40 for 35 where applicable. In my opinion, this is a modest amendment.

Under Part III of the Farm Credit Act there has long been a provision for supervised farm loans for persons under the age of 45 years. Under this provision it has been possible for persons who have not attained the age of 45 years to borrow up to 75 per cent of the appraised value of his farm. The legislation would be more consistent if a higher age limit were adopted.

Honourable senators, with this brief explanation I would recommend the adoption of this report.

● (2120)

Hon. A. Hamilton McDonald: Honourable senators, as a member of the Agriculture Committee I attended the various meetings during which this bill was considered. I listened to the arguments presented in support of amending the upper age limit for the maximum loan from 35 to 40. I cannot in all conscience support this amendment.

One of the main purposes of Bill C-34 is to attract more young people into our agricultural economy. I do not know at what age a person is no longer young, but it seems to me that no matter what age limit is set, whether it is 35, 40, or any other age, it is an arbitrary decision.

It is my feeling that a person ought to have accomplished something by the time he reaches 35 years of age. He should have accumulated some assets which stand him in better stead for the purposes of obtaining financing than would be the case with a younger person.

This legislation does not say that you have to be under 35 years of age or, if the amendment passes, under 40 years of age, in order to obtain a loan. As the bill is presently

drafted, those under the age of 35 years can borrow up to a maximum of \$150,000, whereas those over 35 years of age will be limited to a maximum of \$100,000. In other words, the government is telling our young people that they are entitled to a little additional support as opposed to those who are a bit older and who have had an opportunity to build up greater assets.

If I were disposed to an amendment, it would be to lower the age to 30. I sincerely believe that unless we are able to attract many young people into the agricultural economy, the future of farming in this nation is bleak. I think all honourable senators would agree that the average age of farmers across Canada today is much too high. If we provide the same benefits under this legislation to people aged 40 or more years, as are provided to the young farmer, then we are losing one of the main imports of the legislation.

I ask for the support of honourable senators on this occasion to defeat the proposed amendment. In my view, to raise the upper limit to 40 years of age defeats one of the main purposes of the bill, that being to attract young people into the farming community. Many of them, of course, will not borrow the maximum of \$150,000. Some will have to start much below that. As a matter of fact, the average loan under the act as it presently stands is much below the maximum.

I ask honourable senators to consider what I have said, and to consider the reasonableness of giving younger people a little more help, a little more assistance, than is provided to those who should have accumulated some assets. I ask honourable senators to show our young people that we are prepared to give them a little more assistance than we are prepared to give to those who have been in farming longer than they have, or to those who have accumulated assets outside the agricultural industry and are changing their occupations. They, too, need assistance. However, they will be able to borrow up to \$100,000. The young man or woman beginning farming at a very young age, even in his or her twenties, surely is entitled to a few dollars more than the individual who is 40 years of age or older.

I ask honourable senators to support the bill as it is presently drafted.

Hon. Margaret Norrie: Honourable senators, I rise to support the amendment proposed by the committee. I have nothing whatsoever against young people getting the largest amount possible, but at the same time I do not think those over 35 years of age, especially those in the 35 to 40 age group, should be excluded. I do not think Senator McDonald's argument that by 35 years of age they should have amassed a fortune in farming is valid.

Senator McDonald: I did not say that.

Senator Norrie: Obviously Senator McDonald does not come from the Maritimes where we have to struggle for every penny. It is quite different on the large farms in Western Canada, but farmers in the Maritimes need more help than do the farmers of Western Canada.

A man of 35 years who has been in farming has, by that point in his life, developed an expertise, and he would not want to continue in farming at that age unless he loved it.

The agricultural representatives who process applications for loans under this act are not going to make loans to people who are not responsible and not capable of using the moneys advanced wisely. They know how to assess what a man is worth. I have myself been before them, and I know. They are very clever about it. They know what a man is worth.

In terms of setting up a farming operation, \$150,000 is almost peanuts. Senator McDonald, I am sure, is aware of what combines cost, whether they are for potatoes or wheat. Tractors, too, cost a great deal of money, as does livestock.

Moneys advanced under this loan program can be used for the accumulation of acreage, buildings, livestock, and so forth. It seems that farms in the Maritimes require more buildings than do farms in Western Canada. I do not know why that is. In terms of acquiring stock, \$200,000 does not go all that far. It is spent before you can turn around.

It really depends on the kind of farming you go into. If an individual is going into potato farming, he needs \$200,000. If he is going into mixed farming, I do not think the investment is quite as heavy. I think the maximum loan should be available to all applicants; not just a streamlined group of people under the age of 35 years.

This amendment does not change the amount of money involved. It would simply make the amount of money involved available to those in a different age group. It is not outside the competence of the Senate to pass this amendment. It does not increase the amount of money involved, but simply increases the upper age limit to 40 for those persons who would be eligible for the maximum loan of \$150,000. Under the bill as it is presently drafted, the maximum would be available to those in the 18 to 35 age group, and the amendment would make it available to those in the 18 to 40 age group.

Senator McDonald: No, no.

Senator Norrie: Yes. This bill, if passed, will provide loans to young farmers.

Senator McDonald: Yes, but the credit will not be cut off at age 40. Those over the age of 35 or, if the amendment is passed, those over the age of 40, will still be eligible for loans up to \$100,000.

● (2130)

Senator Norrie: It cuts off the amount.

Senator McDonald: That is right.

Senator Norrie: I feel that it is within the competence of the Senate to deal with the bill in this way. Changing the age limit does not, I think, involve any more money; it is really just using it in a slightly different way.

That is all I have to say, honourable senators. I contend that we need this change.

Senator McDonald: I did not want to interrupt the honourable senator while she was speaking. She did say I had commented that people at a certain age should have amassed a fortune. I said no such thing. If I might repeat what I said, I do think that by the time people are 30, 35 or 40 they ought to have amassed some assets. Certainly in 99.9 per cent of the cases they will not have amassed a

fortune, but they will have amassed some assets compared with a young person leaving school or university who begins with nothing, and who could not be expected to have anything when embarking on his first working activities in life.

Hon. Harry Hays: Honourable senators, I attended the meeting of the Standing Senate Committee on Agriculture at which it was recommended that the age limit for loans up to \$150,000 be increased from 35 to 40. I agree with Senator Norrie and the committee. It is said that on the average farmers in Canada are getting older. I do not think this pattern has changed much over the years.

I have before me a statistical handbook issued by the Canadian grains industry in 1974. Although it is not up to date in its information on the ages of all farmers, it gives for each province and for Canada the ages of farmers from 1931 to 1971, which includes the years of the depression, the war years and the fifties and sixties. It pretty well rounds out our good and bad times. From this it can be seen that in 1971, in the 35 to 44 years age group there were 83,431 farmers; in the age group 34 years and under there were 55,535; and in the age group from 45 to 54 years there were 106,468. According to age group, the Canadian farmer is no different from a member of any other industry or profession. In the legal profession, the medical profession, and in business as a whole, it will be found that the great producers in Canada are in the age group between 35 and 55 years. They support nearly everybody by their efforts.

As I think Senator Norrie explained so well, \$200,000 for a farm in any part of Canada is not all that large an investment. In Saskatchewan the size of the average farm today is 813 acres. For a good viable farm, according to what the committee was told in answer to a question I asked the other day, the cost of land is in the neighbourhood of between \$250 and \$300 an acre. We are looking at \$240,000 for an average farm in Saskatchewan, with no machinery and no livestock.

Senator Macdonald: May I ask the honourable senator a question? When you quote that price per acre, is that for average land in Saskatchewan or the best land in Saskatchewan, according to the evidence given before the committee?

Senator Hays: If you are going to practise law, teach or be in the Senate, the best place to be is where the action is. Anybody who buys poor land will be in trouble, and \$50,000 will not help him today. I believe we have to deal with the progressive person; we must have legislation to help the viable farmer.

We have a responsibility to the consumers of this country, and we do not think enough of our responsibility to consumers when we discuss this type of legislation. Canadians eat cheaper than any other people in the developed countries of the world—20 per cent of their take-home pay is used for food. In Israel as much as 48 per cent is used for food; in some countries it is as much as 60 per cent, while in others it is as high as 80 per cent. Our farmers do a great job for Canadians. If our people can eat cheaper their productivity is higher, and Canada is better equipped to export. We are one of the largest food exporting countries in the world, and if we are to stay in that position we must keep these farms viable.

[Senator Norrie.]

I do not know why it should be thought there is anything sacred about the age of 35, 38, 40 or 45 years. When I was responsible for the Farm Credit Corporation I thought they should take the lid off it; that money should be loaned on the ability of the man to pay it back. That is the way everything else is done.

I know of three young fellows in their early forties who have just bought a farm, in addition to a 5,000-acre farm they already had. They paid \$1,800,000 for it, and the Royal Bank of Canada, I think it was, saw fit to lend them a large piece of that money. That is the sort of confidence they put in these three young farmers.

Many young people today do not leave university until they are 25, 26 or 27 years of age. Just try to accumulate \$50,000 or \$100,000 between the ages of 27 to 35. The Canadian Federation of Agriculture suggested that the amount should be raised to \$250,000. The federation, representing all the farmers in Canada, suggested that not enough was being done in this legislation. Let it be remembered that the government borrows money more cheaply than many institutions.

If the government can assist the farmer without subsidizing him, charging their one per cent interest for handling and making it flexible, it seems to me this is the type of legislation we should be aiming at. I think it would be very sad if this evening the Senate saw fit to stay with the 35 age limit suggested in the bill, and I support the report of the committee.

Senator Burchill: May I ask the honourable senator a question? Did the Canadian Federation of Agriculture in their brief make any comment on age?

Senator Hays: No, I do not think they made any comment on age.

Hon. Sidney L. Buckwold: Honourable senators, I should like to make a short contribution to this debate, because when the bill was before us on second reading I questioned the chairman of the committee about raising the age limit.

I am well aware of the reluctance of the government to change the age regulations. According to my information, such an amendment was proposed in the other place and rejected, but that still does not affect my concern over the fact that there are a large number of potential farmers in the age bracket of 35 to 40 who could be put back on the land. I think this is what we are talking about. We are looking at that arbitrary figure. I must say, I was impressed by the speech of Senator Hays, as always,

speaking from his vast knowledge of the agricultural industry.

The age could be 30, 35 or 40 years. From my reading, I understand that part of the reason for making the age 35 is the risk that may be involved in the paying back of the money borrowed. In other words, if you are too old when you borrow, you may not have enough time left to pay back to the government the principal and interest—in spite of the fact, Senator McDonald, that in Saskatchewan a farmer is likely to live longer than anywhere else in Canada.

● (2140)

I should like to refer, without quoting it, to some of the evidence given in committee of the other place. Dr. M. G. B. Kristjanson, Chairman of the Farm Credit Corporation, indicated that there is nothing wrong actuarially with raising the age limit to 40. He said there would be no problem, that there was really no reason why a man of 40 years of age would not be as good a risk as a man of 35. That was his response to the concern of actuarial risk in the pay-back.

In my opinion, this country sorely needs the substantial pool of potential farmers which exists today. There are many former farmers or farmers' sons and daughters who left the land years ago. They were raised on the farm. They went to school. There was probably not sufficient farmland for them to stay on the farm, or other members of their families took the farm on. These people are to be found in towns and cities throughout the country. They may have made their way, but there are many of them who would like to return to farming. Such people may well be over 35 years of age, and I suggest that it would be wrong not to give them full encouragement.

I am well aware that the difference is a mere \$50,000; that up to age 60 it is possible to receive \$100,000. But that \$50,000 reduction owing to the age difference can be the crucial factor in enabling a person to get back on the land.

Certainly we have heard of the high costs of getting into farming and of expanding farming; nevertheless, we need these people, both from the point of view of the economy and from the point of view of our consumers.

With these thoughts in mind, and realizing full well the likelihood of the government's rejecting this particular proposal, I am nevertheless prepared to support the amendment proposed by our Standing Committee on Agriculture.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 7, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Caccia has been substituted for that of Mr. Daudlin on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

MULTICULTURALISM

MINISTRY OF STATE—ORGANIZATION AND BUDGET—
QUESTION ANSWERED

Senator Perrault: Honourable senators, yesterday afternoon I gave a commitment to honourable senators, and particularly to Senator Yuzyk, to provide certain information with respect to questions posed by him on Wednesday, March 26. I now have that information, and with the indulgence of the Senate I shall provide it in as brief a form as possible.

The Honourable Senator Yuzyk's first question was:

I. A Ministry of State responsible for Multiculturalism was established in November 1972, which lasted until the fall of 1974 as a separate ministry.

(a) What was the budget allocated to this ministry for the purposes of multicultural programs and projects and how much was spent under Dr. Stanley Haidasz?

(b) Did the minister have a separate departmental budget and, if so, what was its size and how was it spent?

The answer to question I.(a) is:

(a) Although a Minister of State responsible for multiculturalism was appointed in November 1972, the policy as such was announced by the Prime Minister on October 8, 1971, with a special grants budget. Annual estimates for the Department of the Secretary of State and Cultural Agencies were as follows:

| | |
|---------|-------------|
| 1971/72 | \$910,000 |
| 1972/73 | \$2,522,000 |
| 1973/74 | \$7,948,000 |
| 1974/75 | \$7,780,000 |

The answer to question I.(b) is:

(b) No. However, it should be noted that this allotment is part of the operations of the Department of the Secretary of State, more specifically of the Citizenship Branch, of which the Multicultural Program is

an integral part, and of federal agencies, Public Archives, National Library, Museum of Man, National Film Board and the CRTC.

The second question posed by Honourable Senator Yuzyk was this:

II. Subsequently, the Honourable John Munro, Minister of Labour, was assigned also the portfolio of Multiculturalism.

(a) Does he have a separate department and a budget for multiculturalism?

The answer is:

(a) No. The Honourable John Munro, Minister of Labour, is also the minister responsible for multiculturalism. However, there is no separate, single department of multiculturalism. Multicultural programs are to be found in a wide variety of departments and agencies.

Mr. Munro will soon be receiving a report of a study to determine the extent of these programs in each department and agency.

Question II. (b) was:

What is the size of this departmental budget?

I have no information on that particular item as a result of the preceding information.

Question II.(c) was:

How large a fund does he administer for the purposes of multiculturalism?

The answer is:

Administration of funds for multiculturalism is the responsibility of each minister to whose department or agency Treasury Board has assigned those funds.

Question II.(d) was:

How much was spent by the government on multiculturalism to March 31, 1975, and how much remains to be spent?

The answer is:

From the inception of the Multicultural Program within the Department of the Secretary of State in October 1971, a total of \$19,160,000 has been budgeted until the end of the fiscal year 1974-75, including operations, grants and cultural agencies. The budget for 1975-76 including operations and grants is \$5,601,000. Figures for cultural agencies are not yet available but will be forthcoming.

Senator Yuzyk: Honourable senators, I am very grateful to Senator Perrault, the Leader of the Government in the Senate, for this information on government funding for multiculturalism. I intend to study these figures thoroughly, and later in the session I may have some comments to make.

AIR CANADA

SERVICE BETWEEN FREDERICTON AND OTTAWA—QUESTION ANSWERED

Senator Perrault: Honourable senators, last evening a question was posed by one of our colleagues from New Brunswick, Senator Burchill, relating to the provision of air transportation by Air Canada from Fredericton to Ottawa. The allegation was made that direct flights are no longer in existence between these two cities.

I have been informed by the Minister of Transport that under the old Air Canada schedule there were four Fredericton-Ottawa flights. All flights stopped in Montreal and, therefore, could not really be described as "direct" flights. I am informed that one of the four flights which stopped in Montreal allowed passengers to stay on the plane during refuelling and then proceeded to Ottawa.

Under the new schedule there are now three Air Canada flights from Fredericton to Ottawa, all three flights stopping in Montreal. However, in this schedule passengers must de-plane for the continuation of the trip to Ottawa.

I am informed that the Air Canada rescheduling was based primarily on the fact that Eastern Provincial Airways now has a Fredericton-Montreal flight and convenient connections can then be made from Montreal. Air Canada found there was not sufficient business to justify four flights with Eastern Provincial Airways having this supplementary flight. Rescheduling of flights is made in conjunction with overall Air Canada policy, which is to make the best use of aircraft while supplying the needs of passengers wishing to use the Fredericton-Ottawa route.

If there are a number of people who wish a change made in the Air Canada schedule, they should make representations to the company with a view to having changes made.

TAX TREATIES

COUNTRIES WITH WHICH CANADA HAS CONCLUDED TREATIES OR CONVENTIONS—QUESTION ANSWERED

Senator Perrault: Honourable senators, I must apologise for the time I have taken during the Question Period. However, before resuming my seat, I shall endeavour to reply to a question posed last evening by Senator Grosart relating to tax treaties and tax conventions.

May I say, in reply to the first part of his question, that since 1971 Canada has not concluded any tax treaties relating to the avoidance of double taxation or fiscal evasion. The Canada-France Tax Treaty on this subject, signed by the Minister of Finance last week, was the first such treaty.

In answer to the second part of the question, negotiations with regard to tax treaties relating to this subject are currently underway with the following countries:

| | |
|--------------------|-------------|
| Austria | Mexico |
| Bangladesh | Morocco |
| Barbados | Netherlands |
| Belgium | New Zealand |
| Brazil | Norway |
| Dominican Republic | Pakistan |
| Finland | Philippines |
| Germany | Portugal |

| | |
|-------------|--------------------------|
| India | Senegal |
| Indonesia | Singapore |
| Ireland | Spain |
| Israel | Sweden |
| Italy | Switzerland |
| Ivory Coast | Trinidad and Tobago |
| Jamaica | Tunisia |
| Kenya | United Kingdom |
| Korea | United States of America |
| Liberia | Zambia |
| Malaysia. | |

So, honourable senators, it is obvious that there is a great deal of activity under way.

LABOUR CONDITIONS

STRIKE OF LONGSHOREMEN IN QUEBEC—BACK-TO-WORK LEGISLATION—QUESTION

Senator Asselin: Honourable senators, can the Leader of the Government make any report to the Senate about the longshoremen's strike in Quebec?

Senator Perrault: Honourable senators, I have no further report as of this afternoon, but I shall certainly endeavour to obtain a report and give it later today with the permission of the Senate.

● (1410)

FORT-FALLS BRIDGE AUTHORITY ACT

BILL TO AMEND—THIRD READING

Senator Molgat moved the third reading of Bill C-367, to amend the Fort-Falls Bridge Authority Act.

Senator Everett: Honourable senators, may I ask Senator Molgat a question? Who is the owner of the new bridge that is to be built, and will any ownership in the new bridge reside in the Boise Cascade Company? I understand that tolls will be charged on the new bridge. Can he tell me on what basis those tolls will be arrived at?

Senator Molgat: Honourable senators, it is my understanding that the new bridge will be owned by the Authority, as it is called, which was established under the original act, which was assented to on June 30, 1971. The amendments proposed in Bill C-367 do not change that Authority *per se*. The Authority would be made up of four appointees from the American side and four from the Canadian side. That Authority will actually own and operate the bridge, whereas the present bridge, I believe, is privately owned by the Boise Cascade Company, the Ontario and Minnesota Pulp and Paper Company, and the Minnesota and Ontario Pulp and Paper Company.

The Authority, under the act, will build the bridge and will then settle the tolls, depending on the cost of the bridge, in order to amortize it. I am not sure for how many years it will be amortized, but certainly the effect of the tolls is to cover the cost of the bridge.

Senator Everett: I thank the honourable senator for his comprehensive answer.

Motion agreed to and bill read third time and passed.

THE SENATE AND HOUSE OF COMMONS ACT, THE SALARIES ACT AND THE PARLIAMENTARY SECRETARIES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Perrault for second reading of Bill C-44, to amend the Senate and House of Commons Act, the Salaries Act and the Parliamentary Secretaries Act.

Hon. Jacques Flynn: Honourable senators, it is a most unpleasant task for members of Parliament to deal with their own remuneration. It has often been suggested that we should find a way of dealing with this matter other than by the type of legislation with which we are confronted today. However, even if we were to appoint a commission which, in turn, made a recommendation for an increase in the indemnities and allowances paid to members of Parliament, the final decision would still rest with Parliament itself. Whether we are counselled one way or another, it will always be our responsibility and no one else can assume that responsibility for us.

The matter of increasing the indemnities and allowances paid to members of Parliament is a task which must be faced with as much objectivity as possible. It is not an easy task. There is always a great public outcry whenever a bill of this kind comes before Parliament. People say there is a conflict of interest because we are in fact voting ourselves an increase in remuneration. In the minds of a great many people, we are not worth what we appear to consider ourselves to be worth. It is not easy to reply to that type of criticism.

After listening to the speeches on this bill by Senator Perrault, the Leader of the Government, and Senator Lawson, I feel a bit more at ease. There is very little that I can add by way of support for the bill. I could never hope to equal their performance on this subject.

The problem as far as I am concerned can be divided into three questions. First of all, do members of Parliament need at this time an increase in the indemnities and allowances paid, and what are the principles which should govern the question? Secondly, are the increases provided in this bill adequate? Thirdly, is the method followed by this legislation the best that can be devised?

Dealing with the first question, I should say that, in Canada generally, we have recognized over the years that the indemnities and allowances paid to members of Parliament should be sufficient to enable them to preserve their independence while, at the same time, underlying the importance of Parliament and providing an incentive for the best men and women in the country to want to serve in Parliament. Consequently, the theory that prevailed at one time at Westminster that a member of Parliament should be satisfied mainly with the honour to serve, with the result that only well-to-do persons were in a position to stand for election, has never prevailed in Canada. Canada has never accepted that Parliament should become a rich man's club.

Another factor to be taken into account is that today a member of Parliament operates practically on a full-time basis, whereas up until World War II the sessions of the federal Parliament lasted between two and three months

and those of the provincial legislatures lasted only a few weeks.

Turning to the second question, whether the increases provided in this bill are adequate, guidelines can be sought in many areas. Looking first at the salaries paid to top public servants, there are 8,000 public servants earning between \$20,000 and \$30,000 a year. In addition, as was mentioned by Senator Lawson, there are more than 1,000 public servants in this city alone who earn in the area of \$60,000 a year.

● (1420)

Another guideline, of course, is the income of professionals in 1972. I have checked and determined that the average physician in 1972 earned \$41,200, the average lawyer \$30,500, the average dentist \$28,300 and the average engineer \$28,500. I leave it to you to determine what these people are earning today, three years later. I have some idea as to lawyers!

Honourable senators, what the public has to decide is what importance they attach to politicians. Are they as important to the country as civil servants, doctors, lawyers, engineers? If so, should they not be paid a comparable salary?

We have to recognize that members of Parliament, of course, do not fit into unique molds, as do some professionals. On the whole, I would suggest the value of a member of Parliament should be determined on the basis of good average qualifications for a job of great importance.

Should we, because of a period of inflation, require parliamentarians to set an example? No doubt. But not to a point where they would put themselves into financial difficulties, when all other groups of society do not submit to any restraint, as I shall try to show later.

The effect of this bill will prove that parliamentarians are very reasonable indeed. In any event, last night Senator Lawson gave us figures to prove the point. It will be remembered that only a few days ago we ordered the stevedores of the ports of the St. Lawrence to go back to work under conditions providing increases of 60 per cent over the next three years, which does not take into account what they have been receiving over the past five years, the period during which no increases were granted to parliamentarians.

Honourable senators, until 1953 the remuneration of parliamentarians was on a sessional basis of \$4,000 at that time. In order to compensate for the insufficiency of this indemnity, Parliament had begun the habit of having two sessions a year, and for that reason, in order to dissipate any doubt or criticism, a change was made to an annual indemnity of \$8,000 a year. From 1953 to 1963 the indemnity remained unchanged. In 1963 it was increased by 50 per cent, from \$8,000 to \$12,000, and the expense allowance, which had been \$2,000 up until then, was increased by 200 per cent to \$6,000 for members of the House of Commons, and by 50 per cent, to \$3,000, for members of the Senate. This increase was, of course, substantial, because it was long overdue. I remember many of my colleagues in the Twenty-fourth Parliament, from 1958 to 1962, found themselves in financial difficulties, and I always regretted that

the Progressive Conservative administration of that time never saw its way clear to face the issue.

In any event, in 1970 the government appointed an advisory committee on parliamentary salaries and allowances. They submitted a very good report, which formed the base for the adjustment later that year, which brought the indemnity to \$18,000 for a member of the Commons and of the Senate, and an allowance of \$8,000 to a member of the Commons and \$4,000 to a member of the Senate.

Since then, I suggest, the increase in the cost of living and the increase in the composite industrial index, as quoted last night by both Senator Perrault and Senator Lawson, have proved beyond any doubt that the increase of 33½ per cent provided in this bill for members of the House of Commons and members of the Senate is not exaggerated at all. In fact, when you consider that in the beginning it was intended that this would cover the whole period of this Parliament up until 1978, neither was the figure of 50 per cent exaggerated.

So far as I am concerned, the original figures were more adequate because they were set to cover a period of nine years, covering any increase from 1970 to date and any possible increase until 1978.

The bill before us deals also with the increase of salaries and indemnities to the Prime Minister, ministers and other members discharging special responsibilities in Parliament.

The increases provided originally by the recommendation of the Governor in Council were also in the neighbourhood of 50 per cent, but it must be remembered that these salaries were first determined in 1953-54, which is almost 23 years ago. If I am not mistaken, the Prime Minister has been receiving less than senior civil servants, and much less than presidents or chairmen of crown corporations. The ministers of government have for some years now been receiving much less than their deputy ministers. Thus, while I am happy to see that they are being provided with this increase of one-third, I still think the government should have stuck to its original figure of 50 per cent, because when one compares these figures with the 1952 or 1953 level they are, in my view, totally inadequate.

While I am quite happy with what the bill has provided for the Deputy Leader of the Government and the Deputy Leader of the Opposition, I am sorry to see that nothing has been provided for the whips in this house.

Hon. Senators: Hear, hear!

Senator Flynn: I believe it had been the intention to include a special remuneration for them, and it would have been justified, because they are doing an excellent job for the Senate, and one which is worthy of further remuneration. I hope that situation can be corrected eventually.

Another aspect of the bill with which I am not too pleased is the discrepancy it makes between the Speaker of the House of Commons and the Speaker of the Senate. I believe the discrepancy is the result of a mere accident in the other place. Apparently two members who were entirely opposed to the bill in the other place moved an amendment to increase the salary of the Speaker of the House of Commons to the original figure of \$20,000. They

could do that owing to the fact that the original recommendation provided \$20,000 and was then subsequently decreased in committee by \$5,000. Unfortunately, when they provided for the Speaker of the House of Commons they said nothing about the Speaker of the Senate, and as a result there is this too large discrepancy which exists between the salaries of the two Speakers. I certainly hope something will be done about that, although I do not know what can be done. It may even be an illusion to think that we can do anything about it at this time, but I certainly hope the situation will be rectified. The responsibility of the Speaker of the Senate may not be the same as that of the House of Commons, agreed; but the difference now in salary is too large. I think all senators will agree that the Speaker of the Senate does a tremendous job on behalf of the government as well as on behalf of the Senate and Parliament itself. The Speaker of the Senate discharges a great many responsibilities in the domain of external affairs and public relations, for Parliament and for the government, and this should be taken into consideration.

● (1430)

The bill maintains the so-called tax-free allowance for expenses incurred by parliamentarians in the discharge of their duties. Very often this expense allowance is referred to as part of the remuneration of parliamentarians, but of course, as was mentioned by the Leader of the Government last night, that is entirely wrong. Some comments were made in this respect by Senator Lawson, with which I agree. The Beaupré report had recommended that this system be changed, but of course it is a very difficult matter. Possibly this aspect of the problem should be studied by the committee, which there is provision to appoint in this piece of legislation after the beginning of the next Parliament.

Honourable senators, I now come to my third question. Is the method followed by this legislation the best? The Beaupré report did not contain any specific recommendation concerning this problem, although the terms of reference of that committee invited them to suggest a procedure for a periodic review of the salaries of parliamentarians. It left it to another advisory committee, to be appointed later, to make some suggestions, and now the Leader of the Government tells us that it is the intention of the government to do that. I have looked at the bill with regard to this problem, and to me it does not seem too clear whether subclause (7) of clause 2 of the bill deals with the whole problem. It says:

Within two months after the day fixed for return of the writs at each general election, the Governor in Council shall appoint commissioners to inquire into the adequacy of the annual variations of sessional allowances payable to members of the Senate and House of Commons and other allowances payable to them and to report thereon to the Governor in Council, with such recommendations as they consider appropriate, within six months after the time of their appointment.

Looking at the whole of clause 2, it seems to me that the indexation of the annual remuneration and the sessional indemnity is to be in accordance with the industrial composite index. It does not say that this will be changed after the beginning of the next Parliament.

In other paragraphs of this section reference is made to the salaries and allowances available to members of the Senate. We are not too sure whether the salaries referred to mean the annual indemnity and the expense allowances, so I am not too sure whether the commissioners who are to be appointed by the Governor in Council will have the responsibility of determining, as well, the annual indemnity; that is, the salaries and the allowances of members of Parliament. I do not know if the Leader of the Government will be able to reply to that question when he closes the debate on second reading, but I would certainly like to be enlightened in this regard.

There is no doubt that it would be in the interests of parliamentarians to have this problem dealt with in a way that would avoid the usual controversy and outcries from people who, generally, are not aware of the situation in which parliamentarians find themselves. I would say that very few, outside of those who have experienced the life of a parliamentarian, can assess his problems in respect of remuneration. On the other hand, as I said before, it seems to me that in the end it will always be the responsibility of Parliament to sanction changes in remuneration, whatever they may be.

What has disturbed me more than anything else in the debate which has taken place since late December in this connection is the general contempt that has been shown by the public and the communications media for parliamentarians in general. It seems to me that people do not appreciate or understand the responsibilities or the role of parliamentarians or the importance of Parliament in the course and life of the nation. I do not know whether we should blame the communications media, some other sector of society, or even some members of Parliament, but there is no doubt that the contempt in which a large sector of public opinion holds Parliament should be a cause of worry not only to us, but, I would say, to Canada as a nation. I suggest that something should be done by the media; something should be done by us all to correct this attitude.

Politicians are like everyone else: they will attempt to live up to the opinion that people hold of them. If we treat their occupation as important to the welfare of the country, and make clear that we expect of them industry, high moral character, and a well-developed sense of responsibility, and back our views with appropriate financial remuneration, we will not only get better politicians but we will get out of them the best of which they are capable.

Honourable senators, I support the bill.

Hon. John Morrow Godfrey: Honourable senators, when I made my maiden speech in this chamber, I made a rather lengthy introductory statement on the question of the special problems a senator, who is a partner in a corporation law firm, has with respect to possible conflict of interest when a bill is being considered which may affect one of his corporate clients. In that case, the possible conflict of interest is indirect. For the bill being considered here today, the conflict of interest, as far as I am concerned, is not just possible and indirect, but actual and direct, as it is with every other senator. Let us consider the definition of conflict of interest. In a recent study on conflict of interest, it is defined as follows:

[Senator Flynn.]

A conflict of interest denotes a situation in which a member of Parliament has a personal or a private pecuniary interest sufficient to influence, or appear to influence, the exercise of his public duties and responsibilities.

Rule 49(1) of the Senate says:

(b) a senator shall not be entitled to vote upon any question in which he has any pecuniary interest whatsoever, not held in common with the rest of the Canadian subjects of the Crown, and the vote of any senator so interested shall be disallowed;

There is no doubt that this bill involves a classic case of conflict of interest for every senator in this chamber, as it did for every member of the Cabinet and House of Commons, and the plain language of this rule would technically disqualify every member of this chamber from voting on this bill. Fortunately, however, common sense and practicability have prevailed over plain English, and I am advised that custom, precedent and the recognized authorities on parliamentary practice permit the members of this chamber to vote on this bill, notwithstanding rule 49(1)(b). I only mention the rule because this further illustrates, as pointed out by the Leader of the Opposition, that our consideration of and voting on this bill is an exception and a necessary one to the general rule re senators voting on matters involving a conflict of interest. I might also mention that this bill frankly recognized the conflict of interest problem when it was amended in the other place to include a provision providing for the appointment of commissioners after each election to inquire into the adequacy of members' compensation and allowances.

Now, I happen to have believed for many years that members of the House of Commons and the Cabinet have been grossly underpaid. Long before I was a member of this house, I was well aware of the importance of the duties of the members of the Cabinet and the private members of the House of Commons and how hard most of them worked. Like the vast majority of my fellow Canadians, I must confess that I knew little about what the Senate did, other than the work of the Standing Senate Committee on Banking, Trade and Commerce and the investigative committees.

What does the public think of us? In Robert A. MacKay's book, *The Unreformed Senate of Canada*, the latest edition of which was published in 1967, he says at page 144,

A senatorship is popularly assumed to be a sinecure, whereas a judgeship or membership on a board or commission is assumed to be a working post.

Mr. MacKay is very favourably disposed towards the Senate, and his assessment of what the public thinks of us is, I would assume, fair and unbiased.

● (1440)

I would like to quote another authority on the Senate, namely, Senator Grattan O'Leary. I understand that what I am referring to has been quoted often before, but bears repeating in full, even if Senator O'Leary may be sick and tired of hearing it:

A senatorship isn't a job, it's a title. Also it's a blessing, a stroke of good fate; something like drawing a royal straight flush in the biggest pot of the evening,

or winning the Calcutta Sweep. That's why we think it wrong to think of a senatorship as a job; and wrong to think of the Senate as a place where people are supposed to work. Pensions aren't given for work.

Senator O'Leary made this statement in 1942, some 20 years before he was appointed to the Senate, at a time when he was hardly the mature man we now know, love and respect. In fact, he was only a young stripling of 54 at the time, and possibly it is unfair to quote these adolescent remarks. However, I do so only because I want to bring home as forcibly as I can, that what the members of the public mainly object to about the Senate is that they think it is a sinecure and that most of us are pensioners who don't work. This is not true of most senators, but, alas, it is true of some.

I can well recall Madam Speaker explaining in this chamber, before she was elevated to her present august position, what she had said on a television program, namely, that one-third of the senators were very active, another third were moderately active and that another third were either ill, absent or indifferent. From my experience since I have been here, I would tend to agree with Madam Speaker. I also read with interest her speech on Senate reform, in which she said, as reported in *Senate Hansard* of July 4, 1973, at page 820:

As regards sitting attendance, it is to be regretted that some colleagues are behaving like school truants... some colleagues disappear for several weeks and are to be seen only on great occasions and justify their absence by explanations whose value or credibility stretches the imagination.

And later in the same speech she said:

Attendance at the meetings of the various standing committees sometimes leaves room for improvement. While the membership of each committee has been reduced to 20, several chairmen cannot rely on more than six or seven faithful participants since the others are satisfied with seeing their name appear on the list as they never take part in the proceedings and are very seldom present.

Devotion to work is obviously related to the interest shown in the sittings of the Senate as well as those of the standing committees.

I mention all this because there is one thing that bothered me before I became a senator, has concerned me since, and certainly concerns the public and the media, namely: Should senators be paid the same as members of the Commons? This is a problem which we must look at as objectively as possible, because we all do have a pecuniary interest which is certainly sufficient to influence, or to appear to influence, our judgment in the exercise of our public duties and responsibilities and is not held in common with the rest of Canadians. It is important, therefore, to make sure that we seek the advice and opinions of others to make sure that we are not being influenced by our own pecuniary interest, and this I have done.

The main argument I hear against paying senators as much is that we do not sit as often or as long as the Commons, and the duties of the members of the Commons, particularly as they relate to constituency work, are much more onerous than those of most senators. The latter is

one of the specific reasons given in the Beaupré report when they recommended that the members of the Senate be paid less than members of the Commons.

The second argument I hear is that our attendance isn't very good, even although we sit much less often.

There is a certain validity to the first argument. What are the facts as far as sittings of the two houses are concerned? I have gone back to 1964 and will give the figures in each year thereafter, first for the Senate and then the Commons:

| Year | Senate | House of Commons |
|------|--------|------------------|
| 1964 | 91 | 214 |
| 1965 | 38 | 87 |
| 1966 | 83 | 180 |
| 1967 | 71 | 176 |
| 1968 | 66 | 118 |

I will pause here and say that for those five years the Commons averaged 155 days of sittings and the Senate 70 days, or an average for the Senate of 45 per cent of the number of sitting days of the Commons.

I will proceed, and I might mention that we now come into the era of Senator Martin, who introduced the Tuesday night sittings and who believed the Senate should meet more frequently—

Hon. Senators: No, no.

Senator Godfrey: Is that not correct? I thought it was.

Senator Flynn: You are wrong.

Senator Godfrey: I will withdraw that.

Senator Walker: I know you have given members of the press gallery copies of your speech because I can see them following it, but we do not have copies here and you are reading awfully fast as well as inaccurately.

Senator Godfrey: I have here a continuation of the figures from the year 1969 to 1974 inclusive. They are as follows:

| Year | Senate | House of Commons |
|------|--------|------------------|
| 1969 | 77 | 170 |
| 1970 | 91 | 164 |
| 1971 | 106 | 192 |
| 1972 | 50 | 93 |
| 1973 | 104 | 197 |
| 1974 | 77 | 117 |

For the last six years the Commons again averaged 155 days of sittings and the Senate's average rose to 84 or 54 per cent of the number of sittings of the Commons.

As to the second argument—

Senator Connolly (Ottawa West): Was that all on the first argument? Is the yardstick being used by my honourable friend the number of sitting days?

Senator Godfrey: No, it is not. Now as to the second argument, there are undoubtedly some senators who are inclined to accept membership as an honour rather than as a public trust, and who just don't pull their weight. There are other senators who do not attend because of ill health.

I have tried to look at this whole question as objectively as possible, which is difficult because I do not claim any special virtues. I suppose I am just as greedy as most people, but my greediness is tempered somewhat by the fact that I am a recent appointee and can, therefore, easily recall my own prejudices about the Senate, not only before I was appointed to it but also before I had any desire or thought of being a member of it. Furthermore, as a recent appointee my friends do not seem to have the same inhibitions in telling me what they think of the Senate as they might have with respect to a veteran senator. The majority of their views are highly prejudiced, but still should not be ignored if we can do something about correcting them. Many have an exaggerated idea of the average age of the senators and the poor state of their health. Some of my friends even expressed surprise that I was appointed at an age which they considered very young for a senator. They also have an exaggerated idea as to the number of senators who appear only occasionally.

I had someone check the attendance record for each sitting in 1974, and the average attendance worked out to 60 senators per sitting, or roughly two-thirds. It is not always the same senators who are away all the time, and I have not analyzed the figures to check the records of each individual senator. However, it doesn't take long around here to see who are the faithful attenders and who are not, and I would estimate that there are about 75 senators who are either excellent, good or fairly good in their attendance, at least at the start of each sitting. About half of these seem to evaporate fairly quickly during each sitting, unless there is something of particular interest being debated. This does not bother me, because I agree with Mr. MacKay in his book, which I have already referred to, when he says at page 82:

—it is doubtful whether the necessary work of the Senate actually suffers from non-attendance. In any deliberative body effective work is normally done by the responsible and interested few. The Senate always seems to have a sound corps who take their duties so seriously, whether in committee or in the House.

I have found from personal experience that the conscientious senator has no difficulty turning his duties into a full-time job when Parliament is in session. For that reason I think it would be manifestly unfair for those senators who accepted the appointment on the basis that they would consider it a full-time job, and who actually devote all of their time to either Senate work or other public or official business, if those senators did not receive the same sessional allowance as members of the House of Commons, plus a reasonable expense allowance.

● (1450)

Furthermore, there are other senators who, while not making it a full-time job, are conscientious in their attendance, make an excellent contribution and, because of their outside earning power, often make a considerable financial sacrifice when they attend to their senatorial

duties. These senators also should, in my opinion, receive the same sessional allowance as members of the House of Commons, provided they are regular in their attendance.

It is the third class of senators mentioned by Madam Speaker in her speech who, in my opinion, do not deserve anywhere near the same remuneration as the conscientious senators and members of the House of Commons. I decided to do a little calculating to see how much a senator who attended only one sitting a year, was in good health and not absent on public business, so that he was subject to full deductions, could make in an average year under the provisions of this bill. If you take the average of 84 sitting days for the last six years and deduct from that the 21 days of permissible absence, plus the one day of attendance, such senator would have a non-attendance deduction for 62 days at \$60 per day from his sessional allowance and \$60 per day from his expense allowance, or \$3,720 from each allowance. This would leave him, under this bill, with a sessional allowance of \$20,280 and a non-taxable expense allowance of \$1,580, or a total of \$21,860, which is not bad pay for one day's work in any language. When you consider that the true value of his non-taxable expense allowance which, except for a few dollars, he does not have to use for any expenses connected with the Senate, is nearly double the amount received, such a senator is really getting approximately \$23,500 for his one day's work.

I appreciate that it is not giving the true picture for the immediate future or probably for the next 3½ years to use the average figure. However, even if one takes the maximum number of days the Senate has sat in the last 11 years—namely, 106—this would still result in a senator attending one day having a sessional allowance of \$18,960 and an expense allowance of \$260, for a total of \$19,220.

Either figure, of course, is ridiculous unless one happens to agree with the immature remarks of Senator O'Leary. This simply illustrates two points. First, the daily deductions for non-attendance are not high enough; second, the 21 days of non-attendance permitted is simply too many in relation to the average number of days we sit.

As to the first point, the total \$120 per day deduction was first instituted in 1963, when the sessional allowance was \$12,000 per year and the expense allowance \$2,000. Nothing was done to increase this deduction in 1971 when the sessional allowance was increased to \$18,000 and the expense allowance to \$4,000. Now that the sessional allowance is to be \$24,000, which is double the 1963 figure, and the expense allowance is \$5,300, then in all logic the combined deduction of \$120 per day should be increased to at least double, or \$240 per day.

Let us now consider the second point, namely the 21 days of permitted absence a year before deductions start. This is the same as the House of Commons, and there is no logic in that, in view of the fact that we have sat on an average only 55 per cent of the number of days that the House of Commons sat in the last six years, so that in an average year a senator can miss 25 per cent of the sittings without valid excuse before deductions are made.

Also bear in mind that nearly one-third of the Senate sittings are on a Tuesday night at 8 o'clock, and seldom go on for more than one and one-half hours. As a Toronto senator, I can work in my law office until 5:30 p.m. on

Tuesdays, and be in my seat in the Senate comfortably at 8 p.m. Because of Airtransit, Montreal senators can leave downtown Montreal even later and be here in time. Lately, of course, some of our standing committees have been sitting on Tuesdays during the day, and this results in the attendance of the conscientious senators in Ottawa for the whole of the day.

The senators from the Prairies and the Maritimes have a more difficult problem. British Columbia senators presently have to leave Vancouver airport at 9:15 in the morning to be in their seats at 8 o'clock in the evening, thus losing a whole day, and if they have committee meetings during the day they must leave the previous afternoon at 1 p.m. unless they are prepared to take the "cardiac special," to which Senator Perrault referred, and fly all night. We have heard from Senator Rowe about the very poor connections between Ottawa and Newfoundland, and how long it takes the Newfoundland senators to go back and forth.

In all fairness, therefore, it would seem reasonable to vary the number of permissible days of absence according to the region the senator represents. In my opinion, the number of permissible days of absence before deductions start should be reduced to 11 for senators from Ontario and Quebec, to 16 days for senators from the Prairies and the Maritimes, and for senators from Newfoundland and British Columbia it should remain at 21 days.

What would be the result for Ontario and Quebec senators if the permissible number of days of absence was reduced to 11, the \$60 per day deduction from the expense allowance remained the same and the deduction from the sessional allowance was tripled to \$180, for a combined total of \$240?

On the basis of the average of 84 sitting days such a senator would be left with a sessional allowance of \$10,840 and an expense allowance of \$813, for a total of \$11,653. On the basis of 106 days of sittings, this would result in a senator attending one day having a sessional allowance of \$7,080 and no expense allowance. For a lifetime senator, both of these amounts would be significantly less than the pension which it is proposed he receive at 75 under the amendments to the Members of Parliament Retiring Allowances Act recently introduced into the House of Commons, so that for a lifetime senator who attends only rarely there would be a significant financial advantage and inducement for him to retire on pension at 75.

The provision in the statutes which seems to be universally condemned is that which permits a senator who is ill to appear at only one sitting every two years, and yet still draw his full sessional and expense allowance until he dies, which may not be for many years. Why should a senator who is too ill to attend the Senate, and thus in practically every such case has no "expenses incidental to the discharge of his duties as a member," be entitled to an expense allowance during his illness? The senator who stays at home because of illness and does nothing is presently much better off financially than the senator who travels to Ottawa to attend sittings of the Senate and has to pay hotel and other expenses.

Furthermore, why should a senator who is ill, and incapable of ever properly performing his duties again, be entitled to his full sessional allowance so long as he can

appear in the chamber once every two years? Why should he receive more than the conscientious lifetime senator who voluntarily retires on pension at 75, or more than the conscientious and honourable senator who voluntarily retires on pension before 75 because he cannot properly perform his duties, either because of ill-health or because he has assumed other obligations?

It seems reasonable to me that the same rules should apply in the Senate as apply in the federal civil service when a civil servant is away on account of illness. I know that we are not the same as civil servants, but we are all part of the federal governmental process and our remuneration is paid out of the same tax pot. I understand that civil servants are entitled to sick leave of 15 days a year, and that this is fully cumulative. This seems to me very fair, and a veteran senator could accumulate over the years enough sick leave entitlement to take care of a lengthy illness. For example, someone who has been in the Senate for 10 years and has not taken any sick leave would have accumulated 150 days, which would permit him to be away for at least 1½ years, even if the Senate was very busy, without deduction from his pay. Furthermore, a senator who is absent on account of sickness ordinarily does not have any expenses in connection with his senatorial duties.

Therefore, there should be no exemption from deduction from expense allowance for non-attendance because of illness, except in those cases in which a senator keeps a permanent residence in Ottawa as well as one in his home province, and thus still has extra expenses. In that case it would be reasonable if the deduction were reduced to, say, \$30 per day.

• (1500)

What should the Senate do to correct the situation along the lines I have indicated? One obvious way of doing so would be to amend this bill. An objection to following this course is that we may get diverted into the old technical argument with certain members in the other place as to whether the Senate can or should amend a money bill. This can be avoided, because I have discovered that it is within the power of the Senate to accomplish most of what I propose without having to amend this bill. During my research on this subject I discovered the provisions of section 40 of the Senate and House of Commons Act, which are as follows:

The Senate or the House of Commons may respectively make regulations, from time to time, by rule or by order, rendering more stringent upon its own members the provisions of this Act that relate to attendance of members or to deductions to be made from the sessional allowance.

This section has been in effect since 1923, but apparently has never been used, possibly because very few senators knew of its existence. It is to be noted that this section only permits the Senate to be more stringent upon its own members with respect to deductions to be made from the sessional allowance. It does not permit it to be more stringent with respect to deductions to be made from the expense allowance. In any event, the \$60 deduction from the expense allowance appears to be a reasonable one, and in order to double the amount of the total deduction it is reasonable, in my opinion, that the increased deduction be

confined solely to the deduction from the sessional allowance.

What I propose to do, therefore, so that I can conscientiously vote for this bill in its present form, is to give notice of a motion at the next sitting of the Senate that there be a regulation by order reflecting those changes I have advocated in this speech relating to the attendance of senators and deductions to be made from the sessional allowance to the extent possible under the provisions of section 40 of the Senate and House of Commons Act.

To summarize, this regulation, which I will propose, will provide for:

First, the increasing of the deduction for non-attendance from the sessional allowance from \$60 per day to \$180 per day, for a combined deduction from the expense and sessional allowances of \$240 per day;

Second, the reducing of permissible days of absence without deduction for Ontario and Quebec senators from 21 days per year to 11 days; for senators from the Prairie Provinces and the Maritimes from 21 days to 16 days, with senators from Newfoundland and British Columbia remaining the same; and

Third, that the permissible days of absence on account of illness without deduction from the sessional allowance be 15 days per calendar year, with such days to be fully cumulative from the date of the senator's summons to the Senate.

Senator Flynn: How is your health?

Senator Carter: Would the honourable senator permit a question?

Senator Godfrey: Certainly.

Senator Carter: What point were you trying to make when you compared the sittings of the Senate with the sittings of the Commons? Were you suggesting that the wasting of precious time through endless and unnecessary repetition has some special virtue which should be rewarded; or, to put it another way, if the Commons takes 30 days to deal with a piece of legislation and the Senate deals adequately with that same piece of legislation in 10 days, are you suggesting that the Senate should be penalized for being efficient?

Senator Godfrey: No, certainly not. I thought I had made my point, that the sole purpose of bringing that out is really to show that ordinarily we do not have to attend in Ottawa on Mondays and Fridays, and therefore we get all of those days of permissible absences compared with the House of Commons. I was speaking in reference only to reducing the deduction of the number of permissible days of absence from 21 to 11 for Senate members from Ontario and Quebec.

Furthermore, I think we are entitled to know what are the facts. I examined the situation, looked at the facts, and presented them to this house. I was wrong in one respect, which I quickly corrected when this was pointed out to me. Based upon the facts, I think we should be entitled to the same amount as members of the Commons, provided senators are conscientious and turn up. I do believe, however, that we should reduce the number of days of permissible absence and increase the daily rate of penalty for non-attendance.

Senator Greene: I know the honourable senator would not wish to mislead the chamber. I wonder if he could tell us where he obtained his information that a member of the

[Senator Godfrey.]

other place is penalized for absence beyond 21 days? It is my understanding that no attendance is taken in the other place, and that a member of the other place is answerable only to his electorate.

Senator Godfrey: The Senate and House of Commons Act contains a provision which requires members of both the Senate and the Commons—

Senator Asselin: It has never been applied.

Senator Godfrey: Excuse me. I am sorry. I was just telling the honourable senator what the act says. It is my understanding that a member of the House of Commons must file a signed monthly statement as to the number of days he attended during the month. The Senate has always been excused, even though the section in the act applies also to the Senate, because, unlike the Commons, we do have an attendance record. I presume the reason we record attendances—I understand it goes back to Confederation—is to be able to find out whether a senator has not turned up for two years, and therefore forfeited his seat.

Senator Croll: Does the honourable senator know that his absence may be because of public duty? He may be 60 miles away, and may well be considered to be on public service.

Senator Godfrey: I would suggest that if members of the Senate perform public duty, the same as a member of the House of Commons, the same rules apply. But we are less liable to be absent for that reason because we do not have the constituency work.

Senator Walker: The honourable senator is a new boy. But would he also have the grace, when his seniors get up to speak or to ask a question, to take his seat and not continue talking? May I ask him, in view of the fact that he read every word of his speech, whether he wrote it; and, if it was not written by him, whether it was written by Stanley Knowles?

Senator Godfrey: On the honourable senator's first point, I am grateful to him for pointing that out. I had not realized that as a new senator I should take my seat when an honourable senator is asking a question. On his second point, I wrote every word myself.

Senator Flynn: I believe you.

Senator Molson: May I ask the honourable senator if, in considering the matter of attendance, it came to his mind that perhaps in any modification we should consider attendance at committees? It has been pointed out over several years—perhaps even before he came here—that the work of the committees is quite exacting at certain times, and in fact committee attendance is perhaps just as important as our attendance—or the sometimes brief attendance he alluded to—in the chamber. If we are going to start modifying the basis on which we receive our just reward for our just effort, some consideration at the same time should be given to the very valuable work done by many of our committee members who meet on days or at times when the Senate itself is not sitting.

Senator Godfrey: In reply, I certainly did give consideration to that point. That is a difficult problem. I could not really see what the solution would be, except that, generally speaking, with few exceptions, in my limited experience—I am only speaking of my limited experience—

Senate committees have met on the same days, on Tuesdays, Wednesdays and Thursdays—

Senator Molson: Not necessarily. That is not fair.

Senator Godfrey: If that is wrong, I would like honourable senators to point out the number of days in this session, not on Tuesdays, Wednesdays and Thursdays, that Senate committees have met. If someone can come up with a bright idea, fine.

Senator Flynn: Well, you haven't yet.

Senator Walker: May I ask another question of my learned and distinguished Senate friend, our new man? It is a pleasure to have you. I heard a rumour—I think it is true—that you were against the increase. You have changed your mind on that; is that correct? You are now in favour of the increase. If so, with the views that you held very strongly 48 hours ago, are you going to accept it?

Senator Godfrey: To begin with, I was against the original proposed increase of 50 per cent—definitely and strongly. I did not see how it could be justified in light of the statement made by the Prime Minister during the debate on the Speech from the Throne in which he asked everyone to restrain himself and not to take a larger slice out of the pie. I am in favour of the present increase of 33½ per cent, which I consider reasonable.

● (1510)

Senator Walker: You are in favour of a smaller slice.

Senator Godfrey: Had an increase of 33½ per cent been proposed in the first place, I do not think we would have had the outcry we had. I also think it is reasonable that the future yearly increases be confined to the 7 per cent maximum, showing that if we are not successful in combating inflation, members of Parliament will suffer some penalty.

I am generally in favour of this bill as it is presently drafted. However, I cannot understand why everything is increased but the daily rate of deduction for non-attendance established in 1963. If we are going to increase the indemnities, why should not the rate of deduction be increased also?

Hon. Ernest C. Manning: Honourable senators, in view of the public interest in this legislation and the reactions to Bill C-44 across Canada, it would be surprising if in this chamber of some 90-odd members some voices were not raised to discuss the reasons for the concerns expressed and whether or not they are valid. I certainly have no desire to embarrass or invite the displeasure of my peers, but I feel an obligation to say that I, personally, cannot support this bill. In all fairness I think I should outline what has led me to that conclusion.

In moving second reading, the Leader of the Government referred to the fact that the subject of sessional indemnities has always been a thorny and contentious issue. Anyone who has had experience in government can certainly agree wholeheartedly with that statement.

Before discussing the specific provisions of Bill C-44, may I therefore offer a suggestion that I hope will be considered by those who are seeking a more satisfactory formula in order to prevent the government from having to face this periodic problem. I would invite your consider-

ation of the merits of a formula that would have two features not presently employed. The first would be a basic statutory indemnity providing for an automatic increase in compensation for members on their first and probably second re-elections to Parliament. I appreciate that this formula would be more applicable to the elective House than to this chamber.

Parliament is one of the few fields where experience is not recognized or rewarded, and where no special training or preparation is required before a man or woman can serve his or her country as a representative. The first term of a newly elected member of Parliament is, of necessity, largely a period for gaining knowledge and experience in the functions and responsibilities of government. If the member offers his services and is re-elected for a second term, the knowledge and experience that he can apply to his work surely should be recognized and rewarded.

It would not seem reasonable to extend an indemnity differential beyond, perhaps, his second re-election, because by that time he would have served, normally, eight years in Parliament, and he would be completely knowledgeable on the processes of government.

In addition to the justice of recognizing and rewarding experience, a graduated indemnity would tend to encourage men and women to give more than one term in the service of their country. If they knew that there was an automatic increase in the indemnity at their first and second re-election, to some degree, at least, this would encourage them to devote more years of their lives to this important field.

A second feature I should like to see considered in a formula of this kind is an automatic fixed dollar increase in all three levels of indemnities at the beginning of each new Parliament. That would mean that once every four years, normally, without going through the debate and hassle that happens whenever this kind of legislation is introduced, there would be an automatic increase, the amount of which would be known in advance. I stress the fact that in my view this should be a fixed dollar amount rather than a percentage increase, or an amount geared to some indexing, as is proposed in the present legislation.

I would strongly urge the fixed dollar amount for two reasons. In the first place, a percentage increase in a salary formula is usually inequitable. A 10 per cent increase in salary to a man earning \$10,000 a year will provide him with \$1,000 more pay, whereas a 10 per cent increase to a man earning \$40,000 a year will provide him with \$4,000 more in pay. Assuming that during the period in question the cost of living rose by 15 per cent, the net result is that the man earning \$10,000 a year will be \$500 short of what he needs to keep him abreast of the cost of living, whereas the man earning \$40,000 a year will be \$2,000 to 2,500 better off.

An Hon. Senator: Don't forget income tax.

Senator Manning: I have not forgotten income tax. That is a factor which applies across the board, with respect to all incomes.

In addition to what I have said, the low income man must spend practically all his income on living expenses, and probably still has to go into debt, whereas the higher salaried man, given the same percentage increase, in most

cases, is put into the position where he can devote the greater part of increased earnings to savings or investments. One thing which we do not take into account in this present high interest rate period is the tremendous difference, financially, between the man who has \$1,000 to invest and the man who has to borrow \$1,000 in order to maintain his livelihood. The man who has to borrow \$1,000 is probably paying 12 per cent interest, and the man who is able to invest \$1,000 will earn in the area of 11 per cent, making an actual difference of 22 or 23 per cent as between the two individuals.

When it comes to the indemnities of members of Parliament, a fixed dollar increase is much more to be desired than a percentage increase, having regard to the impact of percentage patterns on wage and salary negotiations across the country as a whole. Most people are bound to take the position that if members of Parliament can justify a certain percentage increase, then they, too, are entitled to at least the same percentage, if not more. This percentage concept is extended into so many areas that the consequences are becoming very serious.

● (1520)

Let me deal first with the general principle of the bill before us. Last evening Senator Lawson made two very pertinent points. First, he pointed out that it is wholly irrelevant to relate compensation for services rendered by members of Parliament, or anyone else for that matter, to pensions paid to senior citizens or other recipients of social benefits. That is a point the media has grossly misrepresented across the country. The two things are wholly unrelated. I am all in favour of higher pensions for senior citizens and disabled citizens who are in need of greater social assistance. What we are dealing with in this bill is not social assistance. We are dealing here with compensation for services rendered, and that is a different matter altogether.

The second point made by Senator Lawson was when he exposed the political hypocrisy of parties and individuals who condone without question unconscionable salary and indemnity increases in provincial legislatures when it is their party that makes the increase, but who turn around and condemn the Government of Canada, because it is of a different political persuasion, when it proposes an increase at the federal level. There is no place for that kind of politicking on a subject of this importance.

Nevertheless, I cannot agree with Senator Lawson's conclusion that this is an appropriate bill for Parliament to pass at this time. I feel I owe it to this chamber to state frankly why this is so. May I say first of all that I regret, as I am sure many honourable senators regret, the steady erosion in this country of the earlier concept of public service. There was a time when men went into Parliament or into the civil service primarily because they wanted to be in a field of public service; they did not go into it because it was going to provide a high income. They were motivated by their interest in people, and the hope that they might be able to do something worthwhile to help people.

I know that can be carried to extremes and am not suggesting that we should have a system under which men prepared to go into public service should be asked to give their time freely, or for meagre compensation. I simply say

[Senator Manning.]

that I regret to see the passing of an era in which the concept of public service was an opportunity to serve people. More and more that concept is giving way to the idea that we should equate remuneration in public service with what is available in the private sector.

This has not only happened with respect to parliamentarians. It has happened to an even greater degree, in the last ten or fifteen years, in the civil service. I can recall a period when one of the concerns of government was the constant raiding of the public service by private industry, which could take good people away from the public service quite easily because the rate of remuneration in the private sector was so much better than in the public sector. Today we have the reverse position. Today the private sector is losing some of its best people to the public sector, because of the increased rates of pay for senior civil servants.

As was stated by the Leader of the Opposition today and by Senator Lawson yesterday, approximately 1,000 civil servants here in Ottawa are drawing over \$60,000 a year. I am not in a position to say that these men are not worth that amount of money, but it indicates the very significant change that has taken place in the last 15 years. The same thing is now taking place in the field of elected representatives, and it is held that their compensation should be equal to or greater than what a man can make in the private sector. Some of that thinking undoubtedly lies behind this present legislation.

Be that as it may, honourable senators, far more serious, and what concerns me most about Bill C-44, is what is happening across Canada at this very time while we have this legislation under consideration. I agree with the Leader of the Government, and I have been long enough in public life to know that there is no good time to pass legislation such as this. The only thing you can hope for at best is that some times are not quite as bad as other times. This country today is in grave economic trouble, and as parliamentarians we have to be among the first to recognize that fact.

The indicators of economic growth, or lack of growth, almost without exception, tell us that economic conditions will get worse before we turn the corner. If and when we do turn that corner, we are certainly in for a long, slow and painful haul back. In light of the economic outlook, we have to assume that unemployment in this country will continue to increase for at least another year. Inflation is still running rampant. The prospect of inflation in Canada being brought under control in the near future is remote indeed. It may be slowed a little, but there certainly is no indication that it is under control. My plea is that we be honest with the Canadian people, and not give them the false impression that by merely appealing for voluntary restraints, we can bring under control this insidious thing that is destroying the life savings of hundreds of thousands of people, and making it extremely difficult for those on low incomes to get by.

Under present circumstances, everybody is scrambling to get a bigger piece of what is daily becoming a smaller pie, for our actual productivity is not increasing. The GNP dollar figures are misleading, because to a large extent they merely reflect the results of this inflation to which I refer. We are faced with a situation in which the economic

pie is shrinking rather than increasing, and everybody is scrambling to get a bigger piece of a smaller pie.

This mad scramble is reflected in the excessive wage demands made in the latter part of last year, and the early part of this year, not only by organized labour but by almost all segments of society. We all know that this is pushing up at an alarming rate the cost of almost everything that people have to buy, both goods and services.

The plea I make, honourable senators, is that we give leadership in helping the people of Canada realize that a high price level is to everybody's disadvantage. It is far better to have a lower level of salaries and incomes and a lower price level, where the dollar will buy more goods, than to have an inflated price level such as we face today.

● (1530)

Senator Greene: I wonder if the honourable gentleman can advise me whether he is advocating wage and price controls.

Senator Manning: No, I am not recommending price and wage controls. I do not believe they have worked anywhere and I do not believe they would work in Canada, except in a time of emergency such as war.

What I am advocating is that members of Parliament help the people of this country to realize that the ultimate end of the course we are pursuing, in pushing prices higher, is not going to achieve the results people are looking for. Nobody is going to benefit. We are rapidly pricing ourselves out of our export markets, especially on this continent, and if we keep on we will destroy thousands of jobs in Canada in the months ahead. How is that going to help the wage earner? It is fine to say we have jacked up wages 50 or 60 per cent. But what good does that do if the jobs disappear? That would be one of the inevitable results of the excessive high price levels into which we are moving so rapidly at the present time.

Honourable senators have seen the recent quarterly figures with respect to Canada's balance of payments. It is the biggest deficit in our balance of payments in history. How long can that go on? If we continue to pursue a course which pushes our costs higher and higher every month, that balance of payments deficit is going to get larger and larger, as we price ourselves out of more and more markets.

You all know who gets hurt the worst. It is not honourable senators or members of the other place, and it is not business executives; it is the low-income people of this country, because they are the ones who do not have financial reserves. I am not talking about organized labour. Organized labour is able to look after itself very well—better in many cases than management and salaried executives. No, I am talking about the hundreds of thousands of wage earners who are not organized, the thousands of small business people who are trying to eke out a living under conditions which make it increasingly more difficult each passing month. These are the people who get hurt when we keep on jacking up prices to higher and higher levels.

I suggest, honourable senators, that this is the context in which we have to consider the appropriateness at a time like this of increasing the sessional indemnities and expenses for members of Parliament. It is not the dollars

represented by this particular increase that I am worried about. We are only talking about 350 people in the two houses. In relation to the Canadian economy that is an insignificant drop in the bucket. What I am worried about is that when the elected members of Parliament—to whom the Canadian people should be able to look for leadership in bringing to a halt this clamour after more and more income, resulting in higher and higher prices—themselves join in the clamour, their action will be reflected in almost every wage settlement made during the next year across this country.

I recall the occasion when the government intervened some years ago in a seaway wage settlement. The representative of an industry participating in a wage settlement going on at the time told me that they had reached an agreement and were in the process of tidying up the arrangements, when someone in the room turned on the radio to get the evening news. When the newscast gave the amount of the settlement to which the government had agreed, the union representative tore up the contract and said, "Boys, it is a new ballgame. Let's start all over again."

Well, that is understandable. It is the natural chain effect that I suggest is desperately serious. I know the counter-arguments. We can ask, "Why should parliamentarians be the ones to exercise particular restraint? They haven't had an increase for four years. Their costs have gone up." These are all valid arguments. If we could look at this matter of indemnity increase in that limited context, I would not be standing here today. It has been long my thought that society is pretty warped in its sense of values when it comes to the matter of compensation for those it asks to be its representatives. I have difficulty understanding why people in the media or the entertainment world or the sports world should be paid three, four, five or ten times as much as we pay the people who are charged with the responsibility of running our country. But leaving aside all of these arguments, valid as most of them are, the fact remains that the people of Canada must be able to look to those whom they have elected for leadership in a time of economic crisis, which in my view is what we are facing in this country today.

Let me add a word about indexing. It is necessary to have some means of looking after future legitimate increases, and the indexing method proposed in this bill is suggested for that reason. My contention is that the last group in Canada that should have their compensation indexed, either to the cost of living or to the industrial composite index, are members of Parliament. In a sense it almost gives them a vested interest in continuing inflation. They are the very people who should constantly be made aware that they are here to bring inflation under control, not to qualify for further wage increases when inflation pushes prices to a higher level.

I am all in favour, as I have indicated, of a fixed dollar increase being put into the statute to become effective at the commencement of each new Parliament. But I say to you again that if there is one group in Canada whose increased compensation should not be geared to the cost of living index, or to the industrial composite index, it is those whom the people have elected to manage their

economy in a way that will safeguard the interests of the people as a whole.

I have heard it said often in this house that the people of Canada do not understand the role of the Senate. I agree. They do not appreciate the efforts this house makes in their interests. I have found since I have come here that members of this house are sincerely dedicated to the public interest. Honourable senators, if we want once and for all to bring to the attention of the Canadian public the validity of our claim that we are looking after their interests, then let us reject this legislation. If we do so, it will make the headlines of every newspaper in Canada and will be heard in every news broadcast and television newscast inside three hours. There would be no doubt left in anyone's mind as to what the Senate had done on this occasion.

Senator Flynn: That's right. They would think we were crazy.

Senator Manning: I am satisfied that it would have the overwhelming endorsement of the great majority of the Canadian people, if we had the will to do it. If we have not the will to reject the legislation for the sake of those who labour in the other place, I submit we could at least do it for ourselves.

I come back to a point raised by Senator Godfrey in a different context. I, too, have considered this question of whether there should be a differential in indemnity for members of this house and members of the other place. To be quite honest, my conclusion is that there should be a differential. I know all the arguments about time given to committee work, and I am all in favour of those men who give their time on committees when this house is not sitting, being paid for the extra time which they give. But I do not think we can successfully argue that the Senate, which normally sits one evening and two days a week—in contrast to the other place which normally sits five days a week and quite often several evenings—can be considered comparable with the House of Commons from a standpoint of the demands on our time. This is especially true when we take into account that a member of an elected house has all the demands imposed on his time by constituents, and also the problem of maintaining his contacts with his constituency with a view to being re-elected. This does not apply to us, and it would be difficult to make a valid argument that the demands on our time are equal to those of an elected representative.

● (1540)

Normally, in fixing compensation and in negotiations for wage and salary adjustments, one of the factors taken into account is security of tenure. The argument often used as to why men and women should be willing to work in the civil service for less than they would in the private sector is that they have security of tenure to a greater extent. I think there is validity in that argument. Honourable senators, we have to admit that we certainly have more security of tenure in this house than they do in the other place. We do not have to go back and seek re-election every four years.

I do not want to belabour this matter further, but in my honest opinion there is valid argument that the compensation paid to members of the Senate should be less than the compensation paid to the members of the other place. If

[Senator Manning.]

we are not prepared to reject this bill, I would hope that there might be a willingness to reject the proposed increases in our own case, and thereby establish the differential in compensation which is justified.

When they introduced this bill in the other place the first time, it called for a 50 per cent raise. As a result of the adverse public reaction they had serious second thoughts, and reduced the increase to one-third before the bill even came to this chamber. I suggest, in this case, we should have a serious third thought instead of the usual serious second thought, and either reject this bill entirely or else, at least, as I have proposed, reject the indemnity increase as it applies to us.

I do not like using personal illustrations, but in closing I will tell you one thing that has been on my mind since this bill was introduced. If it passes, I will find myself in the position of being paid, for sitting in this house one evening and two days a week, considerably more money than I was paid in salary and indemnity combined as Premier of the Province of Alberta after 33 consecutive years in government, 25 of them as premier, during which time I always carried one, and sometimes two, additional portfolios. There is very little comparison between that load of work and responsibility and that involved in serving in this house. I know that this was six and a half years ago, but the changes that have taken place in that interval certainly do not justify an increase of the order proposed in Bill C-44.

These are the reasons, honourable senators, why I cannot in good conscience support this legislation.

Senator Lamontagne: Honourable senators, I would like to ask a question of Senator Manning, not on the substance of his message—on which I may have something more to say later on—but about his attitude of doom and gloom concerning the short-term economic situation as it is at this stage. Could he give me an example of any major and significant indicator which has not gone up in the last few months in this country?

Senator Manning: One example that comes to mind is the further continued decline in housing starts. That has always been regarded as one of the major indicators.

Senator Lamontagne: It is going up.

Senator Manning: The paper this morning said that it was down 25 per cent.

Hon. J. Harper Prowse: Honourable senators, I think I would be doing a little less than my duty to myself, if not to you, if I were not to rise at this time.

I had the opportunity to be in the Alberta Legislature where Senator Manning was bringing forward increases of his own at a time when he was Leader of the Government and I was Leader of the Opposition. At that time I had the common decency to acknowledge that I was going to get the raise, because they had 54 seats, and I had four. In those circumstances I felt it was my responsibility to stand up and say what I believed, and that was that we were damn well earning every cent that we were going to get. I remember that I was a little annoyed with what was then the CCF, who were doing what the NDP are doing today—that is, standing up and deploring the fact that we were going to take what they were going to get by our taking it. This makes for a little confusion, but I think we

should get the record straight. I do not have directors' fees from any banks, airlines or steel companies. I do not expect to get them, and this kind of talk is hardly apt to get them for me.

However, let me say that there used to be a joke going around that the definition of a junior executive was a fellow with a couple of university degrees who did not have brains enough to ask for overtime. If any senator, or any member of the other place, thinks he will get any credit from constituents by not asking for more money, when he is sure in his own mind that he damn well earns it, he is crazy. They will give him no thanks for it; they will only say, "Well, the guy is as stupid as I thought he was anyhow."

I have no qualms of conscience about cashing my cheque. Perhaps we do only sit in the house on Tuesday night and Wednesday and Thursday afternoons, but we also do committee work. However, because there are 90 of us instead of 270, because we do not have to waste any time listening to speeches that are made entirely for the voters back home, because we can get on with business and complete it, we do exactly the same amount of work as members of the other place do in a third of the time. We do the same amount of work and have the same output as they do and, damn it, we earn the same salary. That is what we do, and we do a lot more besides. We read the same bills and the same number of bills; we have to understand the same number of paragraphs and the same number of phrases; and we have to keep ourselves informed on exactly the same number of subjects. These things take time, and we keep ourselves better informed than they do because we have that time.

I think there has been enough nonsense and enough hypocrisy about this business of better pay for parliamentarians. You never get paid what you are worth, but you should be paid enough to make it possible for you to go into public life without having to ask your family to make unwarranted sacrifices. That is simply it. The salaries we are getting today are those of the lower middle-income class, and that is all. Let us make no mistake about it. Let us make no apologies for it. Let us just wonder why we did not have guts enough to go ahead and take the 50 per cent that we should have taken in the first place.

Hon. Raymond J. Perrault: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Perrault, P.C., speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Perrault: Honourable senators, I think we all appreciate the conscientious contributions to this debate which have been made from all parts of the house. There appears to be a consensus that this matter should be brought to a second reading vote.

Senator Manning stated a few moments ago that because of the great economic troubles we are facing Parliament should defer any increase. There are, however, other grave economic troubles. For example, there are the grave economic troubles of a member of Her Majesty's Loyal Opposition in the other place with five children, who has two mortgages—one in Ottawa and one in his

constituency—with living costs totalling hundreds of dollars a month, who could not pay his income tax at the end of last month. He wrote a letter stating that if an increase came through he would endeavour to make time-payments on his tax. He does not have any directorships. He has no other source of income. This person, who is not of my party, came to me. He is in desperate financial straits, with a \$6,000 loan from the bank.

● (1550)

That, honourable senators, constitutes grave economic trouble. It constitutes grave economic trouble for any hard-working member of this place, or of the other place—and there are many of them—who are faced with the considerable burden of maintaining two residences—one at home and one here in Ottawa. The conscientious hard-working people of the other place and the conscientious hard-working people of this place are faced with very high living costs. We know this, the people on the Hill know this, and the people in the gallery know this. And these grave economic troubles facing some members, are troubles which are here and now. They cannot be postponed; they cannot be delayed temporarily by members going to a "friendly" finance company.

Coincidentally, honourable senators, this morning I was given a list of salary requests which have been received from those working in the food retailing industry in the province of British Columbia. Compare the indemnities of parliamentarians with these requests, and you will see that at the present time the check-out operators at some Canadian supermarkets now get, including their fringe benefits, \$14,711 a year. They are asking in their present contract negotiation a total package equivalent to \$23,851. Those are the check-out operators. The journeyman meat cutters, presently receiving \$18,887, are asking this year for a package of \$31,624. The doughmen in the bakery—and bread prices are going to go up—presently receive an annual salary of \$12,607. Fringe benefits bring it to a total of \$17,040. They are asking now an annual salary of \$18,964 with almost \$10,000 in fringe benefits, for a total of \$28,266. These are the figures—and some suggest that MPs' indemnities are "out of line!" And we were advised this afternoon that the situation is so grave in the country that the people who are supposed to be members of the highest court in the land must defer any requests until some future date. By the way, I forgot to mention that the head meat cutters at some Canadian supermarkets are asking for a total package of \$33,524.

Perhaps these people deserve these increases—and I am not in the process of labour negotiations with them—but I do happen to know that parliamentarians have to spend the same amount for groceries and the same amount for rent. As a matter of fact, they have to spend twice as much for rent as those in other parts of the community. These are the inexorable economic facts which afflict the lives of members of Parliament, and make it extremely difficult for some of them to continue to serve.

There are some members of the other place, as there are some members of this house, who have independent means; they have other sources of income. But surely we do not want to create out of either House of Parliament an exclusive club based on economic advantage. Surely we want to create in both places an arena where people can

aspire to serve the public and not be concerned about their family tree or their economic tree or considerations which should not be part of the vocation of public service.

There have been other arguments advanced. I was glad to hear our colleague from the province of Alberta, Senator Prowse, mention one salient fact, that the 92 members of this house are doing work similar to that done by the 263 members of the other place, and with less partisan disputation. But merely to quote statistics and to say that this house meets half as often as the other place is not an adequate explanation of our parliamentary role, nor does it give a fair picture of what the Senate is all about. One could just as well do the same kind of statistical analysis and say, "Well, you know, in 1968 the House of Commons sat on 118 occasions, and because there are only one-third as many senators the Senate should have met only 39 times." In fact, the Senate met 66 times. But what does that prove? What does that playing around with figures really demonstrate? It does not demonstrate anything at all. One can go through this kind of arithmetic endlessly. Some so-called attendance figures may appear in your favourite newspaper tomorrow—and it will be possible to question and refute every one of them.

The efficiency and the efficacy of any chamber is measured by the results which it obtains for the people of the country, and by any test the Senate can be analyzed and certainly will not be found wanting. Look at the accelerated degree of activity which has taken place in this place over recent months. Look at the increased committee activity. How do you measure the efforts of senators to communicate with the regions they represent? Should we equip every senator with a pedometer or time-clock to assess the effort which he expends to represent properly the regional interests? And that, honourable senators, is one of our important tasks. The Fathers of Confederation brought this house into existence because the people of the Maritimes were concerned about the overwhelming number of elected members from Ontario and Quebec, and they wanted to make sure that regional interests were preserved and maintained. I know that senators—or most of them at any rate—do an excellent job in their own regions, and make sure that the problems of those regions are brought to the attention of those in Ottawa.

You cannot put a time-clock on that kind of thing. You cannot put a time-clock on the number of unemployment insurance claims handled by senators, and the school graduations which are attended, the young people helped, or the war veterans' allowances which are processed because of the efforts of senators. We all do those things, and we do not seek that kind of service itemized and rewarded, but neither do we want some sort of infantile statistical analysis purporting to reflect the supposed activity or inactivity in this place. Such statistical analysis is inaccurate and unfair.

Honourable senators, I do not want this measure to suffer from "overkill," but I did want to state to you it is my view that on balance it is the most adequate measure that can be advanced at this time for the greatest good of those who serve in Parliament, and for that reason I would urge your support on second reading.

Motion agreed to and bill read second time.

[Senator Perrault.]

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Perrault, bill placed on the Orders of the Day for third reading at the next sitting.

● (1600)

FARM CREDIT ACT

BILL TO AMEND—CONSIDERATION OF REPORT OF COMMITTEE

The Senate resumed from yesterday the debate on the motion of Senator Argue for adoption of the report of the Standing Senate Committee on Agriculture on Bill C-34, to amend the Farm Credit Act.

Hon. John M. Macdonald: Honourable senators, I rise to speak very briefly and indicate that I support the motion for the adoption of the report of the Standing Senate Committee on Agriculture. I do so because in my opinion a somewhat important principle is involved. After all, this committee studied the bill in detail—studied, I know, with great care—and it was studied by the members having a good knowledge of the subject.

The report recommends that the bill be amended to change the age requirement from 35 to 40 years. In my opinion, the Senate should not reject a report of a committee unless in the most extraordinary circumstances. I can visualize a committee, such as the Standing Senate Committee on Agriculture, reporting a number of such bills during this session, and if the report in this case were rejected I am sure it would constitute a great discouragement to the members of the committee. How would they know that in studying future bills and recommending amendments the chamber would back them up? Therefore I do not think that such reports should be rejected unless, as I said, there are most extraordinary circumstances involved.

In this case I must say that I have not heard any convincing argument against the proposed amendment. True, it has been stated that young people under the age of 35 should be given the higher loan in order that they be encouraged to enter agriculture. However, nothing has been forthcoming to indicate that by increasing the age limit to 40 years, those under 35 would be injured or hurt in any way. If it was a case in which there was only a certain amount of money to be loaned, and the age limit increase would cause those under the age of 35 to do with less, there would be some logic in it. Up to the present time I have not heard that there is any such danger. It would, therefore, seem to me that by increasing the age limit to 40 we would assist those between 35 and 40 years of age, and not injure those under 35 years of age in any way whatsoever.

For those reasons, honourable senators, I support the motion for adoption of the committee's report.

MOTION IN AMENDMENT

Hon. George McIlraith: Honourable senators, I am sure that many of you will be surprised that I should be speaking with respect to this bill since I do not claim to be a farmer, although I have had some continuing association with that activity throughout my lifetime. In listening to

the debate on the motion for the adoption of this report of the committee I found myself at first perplexed by what I thought to be an omission in the argument, and later very much troubled by it, and I draw this to the attention of honourable senators.

The purpose of the bill, of course, is an excellent one, and in my opinion there is general agreement in that regard. It provides many needed reforms or improvements to the legislation. The report of the committee is, in general, in exactly the same category.

I must say that I am one of those who are very happy that the Standing Senate Committee on Agriculture has been revived, and I commend the excellent work it has carried on. I wish to make it very clear that I can only commend the work of that committee, and I hope that anything I say now will not be interpreted by any of its members as a reflection on their work or as any reproof of it. My concern is that, in my opinion, the Senate is inadvertently stumbling into a very awkward situation.

When this bill was in the other place the matter was discussed at some length. This was done after the committee of the other place reported the bill back to the whole house in accordance with their due procedures. At that stage, when the report of the committee was being considered, an amendment similar to that proposed by the committee in this place was put forward. It had not been put forward in the committee of the other place, but when the committee reported an amendment was put forward which was identical in effect to that proposed by our committee. That amendment would have changed the eligible age provided in the relevant clause from 35 to 40 years, and was rejected by the House of Commons. As I see it, the Senate, without the point having been raised or discussed here, would be rushing headlong, if it adopts this report, into sending back to the House of Commons an amendment—I shall make some reference to its importance in a few moments—which does not go to the heart of the bill at all and raises no question of principle, and which the other place has recently voted to reject. Surely that is not the type of ground on which the Senate should be choosing to seek a confrontation with the House of Commons.

Senator Flynn: Shades of James Coyne.

Senator McLraith: In my view, we should consider this rather more carefully. The report of the committee, as I have said, I regard as an excellent report and, if I may presume on your time for a moment, I will indicate what it sets forth.

Its first effect is to change the age limit from 35 to 40 years in two or three clauses of the bill. That is an amendment to the bill itself.

The report then makes several recommendations which do not constitute changes in the bill itself. Those recommendations are in the nature of an attempt to introduce more vigour into the administration of the act and recommend to government consideration certain changes in the monetary limits, thus making the act more beneficial and advantageous to, particularly, young farmers. All in all, I consider it to be a report which in what it seeks to do would commend itself to most honourable senators on both sides of the house. However, the consequences of

what we are doing are such that in my opinion they should be thoroughly considered before we take any such step.

• (1610)

I noted—and I can be corrected if I am wrong—that in discussing the report and the proposed change, the honourable senators who spoke seemed to agree that the age limit of 35 was an arbitrary one. It may well be that it is too low; it may well be that it should be 40. In any event, the point is that for that extra benefit, given under the clauses which are called in question, the arbitrary age limit of 35 was chosen. One could argue that it should have been 40, 34, 37, or any other figure, but by the nature of the legislation it had to be an arbitrary figure. So there is no question—

Senator Asselin: You are not discussing the merit; you are discussing the procedure?

Senator McLraith: I am discussing the procedure. The point is, we are not concerned with a question of principle. We are concerned with a confrontation on a point that is not a matter of principle—namely, as to whether it should be 35 or 40. It may well be that it should be 40. I do not know. That is the point I wanted to make.

Senator Norrie: May I ask a question?

Senator McLraith: Certainly.

Senator Norrie: Is there much difference from the bill, as you read it, that was passed a few weeks ago?

Senator McLraith: I will give the honourable senator the exact reference. It is rather interesting.

Senator Norrie: Was the bill reworded in a different way, or are there any items that are different?

Senator McLraith: No, not in the amendment. The exact wording is to be found at page 4683 of the *House of Commons Debates* of Thursday, April 10. The amendment moved reads as follows:

That Bill C-34, an act to amend the Farm Credit Act, be amended by deleting the words "thirty-five" in lines 42 and 48 at page 2, lines 3 and 12 at page 3, line 38 at page 7 and line 22 at page 8, and substituting therefor the word "forty".

In other words, it is the identical point raised by the Senate committee. That was rejected by the other place, after a rather short debate, and the bill was given third reading.

If the report is adopted in its present form, it seems to me that we shall have a confrontation with the House of Commons, which has taken a decision on this point. It is not a question of principle. They have two courses of action: they either accept our amendment or reject it. If they accept it, what will be involved? I cannot tell honourable senators how long it will take for the other place to receive our message and to have the matter brought before the house. In any event, if they accept it, we are risking a delay of a few more weeks. If they reject it, we shall be faced with a confrontation that will ultimately cause still more delay before the bill is returned.

As I understand the situation, there are a great many applications—I could not get the exact number—under this section of the act still to be dealt with, and which will not be dealt with until the bill is passed. Delay in passage

of this legislation is of real consequence, I am told, to a considerable number of young farmers. I have been unable to ascertain the number definitively. I merely tell honourable senators what I have been advised.

Secondly, it is my understanding—although I personally did not receive a telegram—that there is a very large protest on the part of farmers, not necessarily against this place but against the government or Parliament, against our not passing the bill immediately. There are other things in the bill which they want. They want the bill passed. The protests were described by one source as a deluge.

That being so, I respectfully suggest, particularly to the members of the committee, that a better method would be to amend the report, by an appropriate motion, deleting the amendment to the bill but retaining everything else. That would be a course of wisdom and effective action on the part of this chamber at this time, and would be perfectly consistent with the committee's seeking to bring whatever pressure it can to bear on the government to amend the section in question. It would not prejudice such action, and would avoid the adverse consequences arising from any delay in the passage of this legislation. It would also avoid a confrontation on something which is not a question of principle. I believe that to be the correct course of action.

I therefore move, in amendment:

That the report be not now adopted but that it be amended by striking out the first three paragraphs thereof and substituting therefor the following:

"The Standing Senate Committee on Agriculture, to which was referred Bill C-34 intituled: "An Act to amend the Farm Credit Act," has in obedience to the order of reference of Tuesday, April 22, 1975, examined the said bill and now reports the same, without amendment, but with the following recommendations:"

All the recommendations contained in the report would be included. The effect would be to strike out the amendment to the clause and to substitute the words "without amendment but with the following recommendations." It changes the language a little, but has the effect of preserving the whole of the report with the exception of the part amending the bill.

Honourable senators, I hope that course of action commends itself to this house, and that it is of assistance to the work of the committee, which I believe was done without full knowledge, or indeed any knowledge, of the fact that the point had been raised in the other place.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Argue, seconded by the Honourable Senator Bélisle, that the report of the Standing Senate Committee on Agriculture on Bill C-34, an act to amend the Farm Credit Act, be now adopted.

In amendment, it is moved by the Honourable Senator McIlraith, P.C., seconded by the Honourable Senator Connolly, P.C., that the report be not now adopted but that it be amended by striking out the first three paragraphs thereof and substituting therefor the following—

Hon. Senators: Dispense.

[Senator McIlraith.]

The Hon. the Speaker: It is your pleasure, honourable senators, to adopt the motion in amendment?

POINT OF ORDER—SPEAKER'S RULING RESERVED

Hon. Allister Grosart: On a point of order, honourable senators, there is a serious question as to whether the amendment is in order. Unfortunately our rules do not specifically deal with this question. There is, however, a statement at page 126 of our rule book—in that part of our rules described as *Forms and Proceedings*—in which—

Senator Langlois: I am pleased to hear you say that.

• (1620)

Senator Grosart: I will comment on that also. I say for the consideration of the Senate that these *Forms and Proceedings*, formerly known as *Forms of Proceedings*, have been revised in accordance with the present practice, and are included as an appendix to the Rules of the Senate pursuant to the order of the Senate dated December 10, 1968.

The Deputy Leader of the Government said he was glad to hear me say that. The reason for that is that on other occasions, as I do on this occasion, I have questioned the authority of these *Forms and Proceedings*, unless they are backed up by something more than merely a recital, an opinion at some time or other, by whoever prepared them. There is nothing in the resolution of December 10, 1968, to say that these *Forms and Proceedings* have the authority of rules. That is the stand I have taken in the past, and I take it again.

Senator Langlois: Read rule 1 now.

Senator Grosart: At pages 124 and 126 of the English version we find a discussion of the way in which the Senate may deal with a report of a committee where an amendment has been proposed to a bill. I might say that rules 78, 79, 80, 81 and 82 specifically refer to reports of committees on bills.

Perhaps I should read the final paragraph on page 124. It is as follows:

A report from a committee may be referred back to it for reconsideration. After the motion for adoption of the report has been moved, a senator may move, in amendment, as follows:

That the report be not now adopted but that it be referred back to the... Committee for further consideration;

OR

That the report be referred back to the committee with instructions to the said committee to amend the bill as follows: ... to strike out certain words or to amend it in any respect.

The authority given for that is *Senate Journals*, 1968-69, page 734, and 1955, page 488.

I shall leave out the next paragraph, which is not relevant. It goes on to state:

The Senate may not amend a report from a select committee but may refer the report back to the said committee or to the committee of the whole.

When a report of a committee recommends changes in the rules, that is another matter.

We have the statement that the Senate "may not amend a report from a select committee." That is clearly the considered opinion of whoever looked at the rules and revised them, and the Senate agreed that this should be made an appendix to the rules.

I am sorry to say that I have not had an opportunity to look up the authority for this statement. It is said to be in the *Senate Journals* at the places I have cited. I would suggest that this matter be disposed of by way of a ruling from the Chair on my point of order before we agree to the question being put, or to the matter being discussed further.

I am not saying that this is the rule, but certainly when we have the statement that the Senate "may not amend a report from a select committee" in our rule book, whatever the authority may be, we should have a ruling from the Chair as to whether it is proper for the Senate, under our rules and proceedings and usages, to amend a report of a committee.

Senator McIlraith: Honourable senators, I wonder if I might be permitted to reply to the point of order. I have read the reference by Senator Grosart to pages 124 and 126 of the red book, *Rules of the Senate*, specifically Appendix II to our rules which, as I understand it, has no validity whatsoever. It is merely an appendix. The statement read by Senator Grosart is:

The Senate may not amend a report from a select committee but may refer the report back to the said committee or to the committee of the whole.

And then there are some references given. I have before me those references, and they support no such proposition. The first one will be found in the *Journals of the Senate* of October 31, 1968, at page 301. It states as follows:

The Honourable Senator Molson, from the Special Committee of the Senate on the Rules of the Senate, presented the Third Report of the aforementioned Special Committee.

The Honourable Senator Molson moved, seconded by the Honourable Senator Lang, that the Report be referred to a Committee of the Whole for consideration on Wednesday next, 6th November, 1968.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

There is nothing in that to say that it must be referred back at all. He could have moved that it be referred to the Standing Senate Committee on Finance, or any other committee. It just does not deal with the point at all.

The other alleged authority is to be found at page 500 of the *Journals of the Senate* of December 10, 1968, and it reads as follows:

The Order of the Day being called for consideration of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate,

With leave of the Senate,

The Honourable Senator Molson moved, seconded by the Honourable Senator Lang:

That the consideration of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate be postponed until Thursday next, 12th December, 1968, but that the Schedule thereto containing a proposed revision of the Rules of the Senate be referred to a Committee of the Whole for consideration forthwith.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

It will be seen that those are examples of a report being referred to a Committee of the Whole. They do not in any way deal with the matter read by myself and Senator Grosart from page 126 of the *Rules of the Senate*.

I have other references in support of my proposition. I wish I had been able to get at it a little earlier than a quarter of two this afternoon.

I should like to give honourable senators two further examples of the Senate's doing what we are seeking to do today. The first will be found in *Journals of the Senate* of 1946 at page 413. It reads as follows:

Pursuant to the Order of the Day, the Senate proceeded to the consideration of the amendments made by the Standing Committee on Banking and Commerce to the Bill (193), intituled: "An Act to amend the Combines Investigation Act."

The Honourable Senator Beauregard moved that the said amendments be now concurred in.

In amendment, the Honourable Senator Hugessen, seconded by the Honourable Senator Howard, moved that the said amendments be not now concurred in but that they be amended by striking out the amendments numbered four and five.

That is precisely what we are seeking to do by the motion, in amendment, I have put forward.

The other precedent is to be found in the *Journals of the Senate* of 1955, at page 223. It states as follows:

The Honourable Senator Hugessen, from the Standing Committee on Transport and Communications, to whom was referred the Bill (Q-6), intituled: "An Act respecting The London and Port Stanley Railway Company and the Corporation of the City of London", reported that they had gone through the said Bill, and had directed him to report the same to the Senate with one amendment, which he was ready to submit whenever the Senate would be pleased to receive the said amendment.

The said amendment was then read by the Clerk, as follows:—

I will not bother reading the amendment. Continuing:

The said amendment was concurred in.

I am sorry, that is not directly on the point at issue. I do have a further one—

Senator Grosart: One is enough.

Senator McIlraith: I have been informed that there are many precedents where amendments have been made by the Senate to motions to adopt a report of a committee.

Senator Grosart: I thank Senator McIlraith for clearing up, first of all, the matter of the references to the *Journals*

which, as he says, refer only to the right of the Senate to refer a report of a Senate committee to the Committee of the Whole. I agree with him entirely on that. I also have no objection to the precedent he has cited for amendment of the report of a committee in the Senate. In fact, to me it makes perfect sense that the Senate should be able to amend the report of a committee.

● (1630)

On the other hand, I am still disturbed by this statement, and I would urge that we have a ruling from the Chair on it. If it does nothing else, it will once and for all, or at least for the time being, determine whether we are going to pay any attention to these 62 pages in the back of this book. I have argued before that we should not, that they should not be in the book, and I know that in the revision of the rules now being undertaken this matter is being considered, because Senator Molson has told me so. I hope we will get rid of them altogether.

I am not objecting in any way to the case made by Senator McIlraith for the right of the Senate. However, I hope we will have an official ruling so that we will know whether we are to pay any attention to these pages in the book. If the ruling is that the Senate may amend, then surely it puts every line in these *Forms and Proceedings* under suspicion, because they say, as clearly as anything can, that the Senate may not amend a report from a committee.

I raise the point merely so that we can have this matter settled. I think it wise that it should be settled. I raise it so that we can get some kind of ruling on whether we are to pay any attention to these 62 pages, on which we spend money when we amend our rules, or whether we are to revise them again.

Senator Langlois: I hope the honourable senator is not expecting a ruling today.

Senator Grosart: No.

Senator Flynn: I hope Her Honour will understand that the point of order has been raised in order that it can be rejected.

The Hon. the Speaker: Having listened to the debate, I will take the question under advisement and give a decision later. Do honourable senators wish to continue the debate?

Hon. Harry Hays: May I speak on the amendment?

Senator Grosart: There has to be a ruling.

Senator Hays: I understood I could speak on the amendment.

Senator Hicks: You cannot speak on the amendment. You may speak on the main motion, and you have already done so.

Senator McIlraith: The honourable senator may proceed, with the consent of the Senate, to advance his argument so that no more time will be lost.

Senator Grosart: Not with consent, but with leave.

Senator McIlraith: With leave of the Senate, the honourable senator can be heard.

[Senator Grosart.]

Senator Flynn: It is a practice in the other place, when the Speaker takes a point of order under advisement, that the debate continues on the motion.

Senator Argue: He can proceed, but he cannot conclude the debate.

Senator McIlraith: No, he cannot conclude the debate.

Senator Flynn: The question cannot be put.

Senator Hays: May I speak on the amendment?

Senator Argue: No, just speak.

Senator Grosart: On the amendment.

Senator Flynn: On the amendment.

Senator Hays: Honourable senators, in speaking on the amendment, may I say that I feel very keenly about the Farm Credit Corporation? I would prefer not to have any age limit at all, because there is nothing sacred about the ages of 35, 40, 45 or 50 years. As we know, in this place we have some people who are close to 90, and who are a lot brighter than young people of 22 or 31.

This afternoon I had an opportunity to speak to the Minister of Agriculture who, together with his officials, was very concerned about the number of people waiting for funds under this bill. I do not think some of the changes were brought out by the officials. For instance, to qualify for the \$150,000 a man of 35 years or under does not necessarily have to be a farmer only—he can have two jobs—but after five years he must be a permanent farmer. These things can be put in the bill, and after five years a man may say he is going to be a permanent farmer. What if he succeeds? It sounds good, but it is completely impractical. It seems to me that that part of the bill is unworkable because it is not practical.

I appreciate that there are many people who are anxious to know whether they come within the \$150,000 category or the \$100,000 category, according to whether they purchase 400 acres of land or perhaps 300 acres of land.

The minister also assured me that this would be a one-year trial, but that was not brought out in committee. I do not know whether it is the fault of the chairman of our committee, or of the Farm Credit Corporation, and I think the minister should have been there. This Standing Senate Committee on Agriculture is a very important committee—much more important than people in the other place, or even the officials, realize. The members of the committee are active, and they are going to change legislation from time to time if it is ill-considered legislation.

I believe that more preparation should have gone into this legislation. The whole concept of farming today, including the Farm Credit Corporation, should be oriented, as happens in other countries, towards a financial institution that will make it possible for consumers to enjoy the same cheap good food that they have had for the last 25 or 30 years.

There should be a place in our society for farmers to be financed properly over a long period of time. I would not object to having amortization over 50 years, with a roll-over, so that the farmer's son is able to take over from his father if the payments have not been completed. Today people change their homes three times in a lifetime, and none of them is ever paid for. They have pride of owner-

ship, but probably never have any more than 30 or 40, or at best 60, per cent equity; somebody else has the equity. This is our system today, and it is a good system, but it seems to me that farmers are denied the opportunity of participating in this sort of society.

If Her Honour the Speaker allows the amendment, I will move an amendment to the amendment, proposing that this report be sent back to the committee, and that the Minister of Agriculture and those of his officials immediately concerned attend, so that we can take a really good look at the Farm Credit Corporation, and know exactly where we are going.

Hon. Henry D. Hicks: Honourable senators, I wish to say that it had been my intention to support the report of the committee, which would have the effect of extending the larger loan limit to farmers up to the age of 40 years. I would support that for the reasons given by Senator Norrie, by Senator Hays in the speech he made previously on this subject, and by Senator Macdonald. I do not need to repeat those arguments, but there are two points that perhaps were not made sufficiently.

I do not think it is true to say, as Senator McDonald said, that farmers are always, or even very often, in the mature and stable position at the age of 35 that he alleged. I think it quite possible that there might be a good many who need a few more years' experience, and that the age of 40 is not too old at which to do this.

Senator McDonald: Would the honourable senator permit a question? What stable position did I allege a farmer was in?

● (1640)

Senator Hicks: My interpretation of the honourable senator's speech was that he felt that by age 35 most farmers should have established their competence as farmers and should have accumulated some capital so that they could ask for the larger loan—that is, the \$150,000 loan. But he said that it was not necessary to extend the same argument to persons beyond the age of 35.

Senator McDonald: I think you should read what I said.

Senator Hicks: We can compare the record with what I am saying.

Senator McDonald: I ask you to read what I said.

Senator Hicks: I listened to it.

Senator McDonald: Obviously, you don't hear what you are listening to.

Senator Hicks: I listened to it and I shall eventually read it, but all I can say is that the interpretation I put on the honourable senator's remarks is in substantial agreement with that which many other members of this chamber have held.

Senator McDonald: You did not hear what I said.

Senator Hicks: I did not rise, Madam Speaker, to quarrel with Senator McDonald from Saskatchewan but to make the point, however he placed the argument as applying to persons up to age 35, that it could be extended to persons of age 40. A good many of my colleagues who served their time in World War II were certainly not established to this degree at age 35, but were at age 40.

Furthermore, these loans are carefully scrutinized. I was for some years a practising solicitor representing this federal agency in making loans to farmers in the Annapolis Valley. The loans were carefully scrutinized, the test being whether a person had the kind of prospects—that is, the financial means, the wisdom and the appropriate age—to enable him to handle the repayment of his loan. Such tests are still applied, and I would point out that a farmer at age 40 would still have 20 or 25 years in which to repay his loan, depending on whether you take 60 or 65 as the retirement age. As a matter of fact, my experience and recollection indicate that most loans in Nova Scotia were nowhere near as large as the maximum of \$150,000 proposed here. At any rate, my view is that we should extend the age to 40.

Senator McIlraith raised the interesting point that the other place has already rejected exactly the same amendment, and that it would be pointless for us to send the bill back to them amended in a way which they have already refused to accept.

If the amendment is held to be in order, therefore, I would propose to support it and to support the Agriculture Committee in stating what they think are the proper limits, including the age limit, to place on extensions of the provisions of the Farm Credit Act.

I should like to add one caveat. If we did amend this bill—and I agree that it would not be an amendment of much matter or great principle—and then sent it back to the other place, and they rejected our amendment, I would not worry too much about it. I would not call that a confrontation. I do not think that every time this house makes changes in legislation we have to insist that our changes must be accepted by the other place. Our record over the past few years is extraordinarily good. I believe that at the time of the previous debate on this subject, it was pointed out that all of the last 40 or more bills which had been amended by the Senate and sent to the other place had been accepted, except the wiretapping bill of about a year and a half ago. I would not hesitate to amend this bill, therefore, merely because I felt it might not be accepted by the House of Commons.

Senator McIlraith: Would not the honourable senator agree, however, that such a course of action would somewhat delay the final passage of this bill?

Senator Hicks: I was about to mention that. Of my own knowledge I do not know how urgent the handling of this backlog of applications may be, but I accept Senator McIlraith's assurance that there is a backlog and that there are people who urgently want decisions on their applications. While I would not worry too much about the House of Commons not accepting amendments from this place, I would agree that in this case it might introduce a delaying factor, which is perhaps a good reason for our seeking another course of action.

If Senator McIlraith's amendment is not considered in order, I would suggest that we consider sending the bill back to committee for further consideration. For these reasons I propose to support the amendment, if it is in order. Otherwise, I propose to support the adoption of the report of the committee.

Hon. Raymond J. Perrault: On a point of order, honourable senators, may I suggest that there is a salient fact which has been overlooked. If the amendment ultimately comes before the Senate and is passed in this place, there is every reason to believe that from a procedural point of view it will simply not be accepted by the other place.

Bill C-34 is a money bill and as such it is governed not only by sections 53 and 54 of the British North America Act, but also by two important rules of procedure of the other house, namely, Standing Orders 62 and 63. Rule 63, in particular, states in part that:

All aids and supplies granted to Her Majesty by the Parliament of Canada are the sole gift of the House of Commons, and all bills for granting such aids and supplies ought to begin with the House, as it is the undoubted right of the House to direct, limit, and appoint in all such bills, the ends, purposes, considerations, conditions, limitations and qualifications of such grants—

The amendment proposed in the report presented by the chairman of the Standing Senate Committee on Agriculture would have the effect of changing one of the purposes of the bill as stated in the royal recommendation. One of the purposes is:

—to amend the Farm Credit Act to increase the capital of the Corporation . . . by providing for loans to establish young farmers as defined by the Act.

By changing the age of persons eligible for loans under Part IV of Bill C-34, the Senate would, in effect, be changing the meaning of "young farmers" as defined in the bill. The Senate would be, without question, changing a purpose or condition of the bill contrary to Standing Order 63 of the other house, thereby inviting a ruling by the Speaker of the other place that the amendment infringes the privileges of that house and should be laid aside.

At page 207 of the Fourth Edition of *Beauchesne's Parliamentary Rules and Forms*, it is stated that:

—an amendment infringes the financial initiative of the Crown, not only if it increases the amount, but also if it extends the objects and purposes—

That is precisely what this amendment would do.

—or relaxes the conditions and qualifications expressed in the communication by which the Crown has demanded or recommended a charge. And this standard is binding not only on private members but also on Ministers whose only advantage is that, as advisors of the Crown, they can present new or supplementary estimates or secure the royal recommendation to new or supplementary resolutions.

In this case the proposed amendment could not be adopted without a new recommendation of the Crown.

Quite apart from the procedural question raised here—and I think that it has real validity—it should be repeated, I think, that a similar amendment was proposed in the other place and was defeated.

We have thousands of young farmers who are now in urgent need of assistance waiting for this chamber to act. I hope we can dispose of this matter.

Senator Hicks: Thousands?

[Senator Hicks.]

Senator Perrault: I am assured by the Minister of Agriculture that there are a great many. I certainly know the representations which have been made to my office.

Senator Hicks: I am not quarrelling with that, honourable senators.

Senator Grosart: May I ask a question on the point of order that has been raised? Was the amendment ruled out of order by the Speaker in the other place?

Senator Langlois: It was defeated.

Senator Grosart: But was it put by the Speaker in the other place? If it was put by the Speaker in the other place, what is the sense of the argument that it could not be put?

Senator McDonald: It is out of order here.

Senator Perrault: We have no power to initiate money bills.

● (1650)

Senator Grosart: But the citation and opinion read by the Leader of the Government was to the effect that it was the exclusive prerogative of the Crown, whether it referred to the Senate or to any ordinary member of the Commons. *Hansard* will show that that is exactly the point of the quotation that he made. Obviously, if it is so—and I am not arguing that it is not so—whatever limitation there is on the Senate in respect to the prerogative of the Crown is the same limitation that exists on any member of the other place. I am merely asking, if that is so, why was it not ruled out of order? It was put; therefore it must have been in order.

Senator Perrault: May I just reply to that question? Among other things, nobody posed that question in the other place.

Hon. Hazen Argue: Honourable senators, if I might say a few words on the point of order on the question—

Senator Flynn: Which one?

Senator Argue: The one raised about the money bill. Senator Grosart asked about what happened in the other place. It is perfectly true that in the other place, when a similar motion was put, it was in fact put to a vote, and was negatived, so that there was no question raised in the other place. No one can tell me that in the other place, with all the procedural experts there are there, they would for one minute allow this kind of motion to be put if in fact it was out of order.

Senator Langlois: It has been done in the past.

Senator Argue: I really do not think that is the important thing here, because surely the rules that the Senate should follow are the rules of the Senate. The rules governing the Senate must be the rules of the Senate, and not the rules of the House of Commons as applied to the House of Commons.

Senator Perrault has raised a very important question, and I would say he has taken a very serious line. If the Senate should agree that the Senate is unable in any way, shape or form to amend a money bill, or, more precisely, if the Senate is unable in any way to amend a bill which has had the recommendation of the Governor in Council, why send bills to the committee? Why waste our time in com-

mittee? Why bring in a report reporting the bill without amendment if the Senate committee has no right to make amendments?

The fact is that over the years dozens, and perhaps hundreds, of times amendments have been made to money bills and sent to the other place. Then the other place either rejects them or accepts them. If they are accepted, they are very often accepted under protest. They do not want a precedent set in the other place, but they accept amendments, nonetheless.

Senator Hayden is in the chamber, and I would suggest that his committee would be most ineffective if he were unable to present to the Senate, and obtain Senate approval of, amendments to bills that have had the recommendation of the Governor in Council. The Senate follows this kind of practice often.

I have before me excerpts from a book entitled *The Modern Senate of Canada/1925-1963, A Re-Appraisal*, by F. A. Kunz. The author refers, on page 343, to what happened in the case of the Estate Tax Bill of 1958, and I would like to read what he has to say. The bill then in question, of course, was a money bill; that is, a bill that had had the recommendation, and had been presented to the house.

In the case of the Estate Tax bill of 1958 the Senate, in a fine example of party co-operation, did not insist on its amendment to eliminate double taxation of superannuation and pension benefits. However, the interesting thing in this connection was not so much the Senate's retreat as the fact that what the House of Commons objected to in the Senate's action was the merits of the change rather than its constitutionality. The Minister of Finance, in his rebuttal, was concerned with the impracticability of the Senate's proposal, while Mr. Argue, summing up his argument on behalf of the CCF group in the House (which supported the Government in this instance), made the following significant remarks: "I do not for one moment—

They say you should never try to quote yourself, but I am not quoting myself; I am quoting this document.

—"I do not for one moment question . . . the constitutional right of the other place to do such a thing, but I do not think it should be done." The omission of the usual constitutional argument in the Commons' reasoning prompted Mr. Hopkins—

He is our law clerk.

—to say: "It thus appears that the House of Commons no longer takes the rigid view . . . that the Senate cannot amend a money bill in any particular, but must either accept it or reject it *in toto*."

Now, there are many precedents. I could make a long speech on this, and interfere with Madam Speaker's reception, which I would not wish to do, but I have in my hand something that I might quote from. The following are two of a number of precedents where the Senate has amended a Commons' money bill—that is, a bill that has been first recommended by His Excellency the Governor General.

My first reference is March 10, 1971, Bill C-3, an act respecting investment companies, amended by the Senate Standing Committee on Banking, Trade and Commerce. This was passed by the Senate as amended, and the Senate amendments later were agreed to by the Commons.

On October 6, 1971, the Standing Senate Committee on Banking, Trade and Commerce returned Bill C-262—an act to support employment in Canada, by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes, or other actions of a like effect—with three amendments. The report was adopted, the bill was read a third time and passed as amended. The Senate amendments were later agreed to by the House of Commons.

As senators, apart from our party affiliation and apart from the merits of a given amendment, we must absolutely protect the right of the Senate to bring forward amendments to money bills. We cannot originate a money bill, we cannot propose an increase in taxation, but over the years the Senate, in exercising its duties, has brought forward many amendments to money bills, and many of those amendments—indeed, the vast majority of those amendments—have been accepted by the other house.

Senator Perrault: I would like to draw something to the attention of the honourable senator. On page 28 of the *Rules of the Senate of Canada* is to be found, in rule 62, the following very explicit statement:

The Senate shall not proceed upon a bill appropriating public money that has not within the knowledge of the Senate been recommended by the Queen's representative.

This means an appropriation of extra money. There is no question about it.

Senator Argue: Oh, no.

Senator Grosart: That is exactly what was done very recently, against our opposition here.

Senator Langlois: It was not an appropriation of money.

Senator Grosart: Yes, it was.

Senator Argue: May I continue, honourable senators?

Senator McElman: May I ask Senator Argue a question? With regard to the two citations he has just given, did these affect the money aspect of those bills, or did they affect other detail of the bills?

Senator Flynn: That is the key.

Senator Argue: I would have to give some further consideration to that point, and do some further research.

Senator Grosart: That is the key; but the fact is, they did not.

Senator Argue: This amendment, however, does not increase the expenditure of money for which the government is liable.

I would like to make one further reference. It is to a report of a special committee, entitled: "The Rights of the Senate in Matters of Financial Legislation," dated May 9, 1918, which dealt with precisely the same rule which has been quoted, and which existed in the rule book at that time. I do not want to burden the Senate this afternoon with long quotations, but the Senate itself, in this report, backs up everything I have said, and puts forward the conclusion that the Senate does have these rights. I quote from the conclusions of the chairman, Senator W. B. Ross, as follows:

1. That the Senate of Canada has and always had since it was created, the power to amend Bills originating in the Commons appropriating any part of the revenue or imposing a tax by reducing the amounts therein, but has not the right to increase the same without the consent of the Crown.

A subsequent paragraph states:

5. That Rule 78 of the House of Commons of Canada—

This is rule 63 today.

—claiming for that body powers and privileges in connection with Money Bills identical with those of the Imperial House of Commons is unwarranted under the provisions of *The British North America Act, 1867*.

● (1700)

As I say, honourable senators, there are many parts of this important report that I could read, but I just wish to refer to one or two other things.

Senator Flynn: Honourable senators, if I may be allowed to interject, there is a point of order under advisement by Madam Speaker, as to whether the amendment moved by Senator McIlraith is in order or not. If it is decided that it is in order and it is adopted, then the discussion we are having now would be completely useless. In fact, we are putting two points of order before Madam Speaker, which is improper. I would suggest that

we adjourn the debate and let Madam Speaker rule on the first point of order. We can then go on with this one, if it becomes necessary to do so.

Senator Argue: I am quite in favour of that, because I think it is a sensible suggestion. I move the adjournment, if I may, or I suggest the adjournment at this time.

Senator Hicks: If Senator Argue moves the adjournment, then on the resumption he will close the debate.

Senator Argue: I am not closing the debate. I have simply suggested the adjournment. After all, it was those opposite who originally suggested it.

The Hon. the Speaker: Honourable senators, I shall reserve my ruling on the point of order until tomorrow.

LABOUR CONDITIONS

STRIKE OF LONGSHOREMEN IN QUEBEC—BACK-TO-WORK LEGISLATION

Senator Perrault: Honourable senators, may I make a brief report on the situation respecting the longshoremen? There really has been very little change since yesterday, when I said that any further report would have to await the outcome of the government's application for an injunction in the Quebec Supreme Court. The court hearing is set for Thursday of this week.

Senator Flynn: Do I understand that it is before Mr. Justice Deschênes of the Superior Court?

Senator Langlois: Yes.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 8, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

List of Commissions issued under authority of section 3 of the Public Officers Act during the year ended December 31, 1974, pursuant to section 4 of the said Act, Chapter P-30, R.S.C., 1970.

Copies of the National Energy Board Report to the Governor in Council, dated March 1975, in the matter of the pricing of natural gas being exported under existing licences, together with a statement thereon by the Minister of Energy, Mines and Resources.

PUBLIC SERVICE

SALARIES—QUESTION

Senator Godfrey: Honourable senators, I have a question for the Leader of the Government. On Tuesday evening Senator Lawson made this statement, as reported at page 860 of *Senate Hansard*:

—there are more than 1,000 civil servants in this city alone earning in excess of \$60,000 a year.

When I heard that statement I thought the number mentioned was incredible and, with all due respect to Senator Lawson, unbelievable. For that reason I was somewhat surprised, to say the least, at the calm and somewhat trusting acceptance of those figures the next day in speeches by Senator Flynn, as reported at page 868 of *Hansard* and by Senator Manning, at page 876.

The question I wish to ask the Leader of the Government and, of course, he will have to take this as notice; is:

(a) How many public servants in Ottawa are earning in excess of \$60,000 a year?

(b) How many federal public servants in the rest of the country are earning in excess of \$60,000 a year?

Senator Perrault: Honourable senators, unfortunately Senator Lawson is not here to clarify what he is reported as having said on Tuesday during the debate. However, it is my understanding that the comment was made inadvertently, that more than 1,000 public servants in this city alone earn in excess of \$60,000 per year. I have been informed that, in fact, there are 12 public servants receiving \$60,000 a year or more, including heads of federal government agencies. I do not have information at hand to indicate whether or not this includes all crown corporations. If there is further material relating to the matter, I will undertake to provide that for the house.

I do not have the answer at this time to the second portion of the honourable Senator Godfrey's question.

TRANSPORT

CROWSNEST PASS FREIGHT RATES—QUESTION

Senator Argue: Honourable senators, I would like to direct a question to the Leader of the Government. In view of what appears to be a mounting lobby by the Canadian Pacific Railway Company to put pressure on the government and Parliament to remove the Crowsnest Pass rates, would the leader care to outline the policy of the government with regard to these rates? It would be helpful if we could have such a statement from the government leader. He might wish to take the question as notice and elaborate on the policy later.

Senator Perrault: Honourable senators, I would like to take that question as notice, and I will provide the answer as soon as possible.

ENVIRONMENTAL AFFAIRS

PROTECTION OF COASTAL WATERS FROM RADIO-ACTIVE POLLUTION—QUESTION

Senator Heath: Honourable senators, I would like to ask a question of the Leader of the Government, which he may want to take as notice. Could he tell us what provisions exist for the protection of our coastal waters from radio-active pollution due to the operations of foreign nuclear submarines? I am thinking particularly of the waters off the east coast of Vancouver Island—the Strait of Georgia—which in the past we have been careful to keep pollution-free.

Senator Perrault: This is another important question. I shall take it as notice, and I hope to provide a reply within the coming week.

Senator Flynn: This certainly is important to British Columbia.

THE SENATE AND HOUSE OF COMMONS ACT, THE SALARIES ACT AND THE PARLIAMENTARY SECRETARIES ACT

BILL TO AMEND—THIRD READING

Senator Perrault moved the third reading of Bill C-44, to amend the Senate and House of Commons Act, the Salaries Act and the Parliamentary Secretaries Act.

Motion agreed to and bill read third time and passed.

FARM CREDIT ACT

BILL TO AMEND—CONSIDERATION OF REPORT OF COMMITTEE—SPEAKER'S RULING ON POINT OF ORDER

On the Order:

Consideration of the motion in amendment of the Honourable Senator McIlraith, P.C., seconded by the Honourable Senator Connolly, P.C., to the motion of the Honourable Senator Argue, seconded by the Honourable Senator Bélisle, for the adoption of the Report of the Standing Senate Committee on Agriculture on the Bill C-34, intitled: "An Act to amend the Farm Credit Act".—(*Speaker's Ruling*).

The Hon. the Speaker: Honourable senators, yesterday in the course of the debate on the motion for the adoption of the report of the Standing Senate Committee on Agriculture on Bill C-34, intitled "An act to amend the Farm Credit Act," the Honourable Senator McIlraith, P.C., moved an amendment to the report, whereupon the Honourable Senator Grosart raised a point of order in which he questioned whether or not the motion in amendment is in order.

He based his argument on a quotation that appears at page 126 of the Forms and Proceedings, which are printed as an appendix to the Rules of the Senate, to the effect that the Senate "may not amend a report from a select committee but may refer the report back to the said committee or to the Committee of the Whole."

I have had an opportunity to peruse the *Journals of the Senate*, which is the official record of this house, and although they reveal that in many cases the practice has been to refer a committee report back to the committee with the view to amending it, I have also found—Senator McIlraith quoted a precedent in that regard—that the Senate has in many other cases amended the committee report. Since both practices have been followed by the Senate over a great number of years, I do not see why either practice should be discontinued. Presumably, if the amendment or amendments to the report were unduly complicated, it might be preferable to refer the matter back to the committee, but that does not appear to be the case here. In any event, the Senate retains the option.

Senator McIlraith's amendment, in my opinion, is perfectly in order, and although Senator Grosart's point of order appears at first glance to have some validity, I rule that under the circumstances it is not well taken. It is therefore in order, if honourable senators now wish to pursue the debate on the amendment, to do so.

Some question has been raised concerning the status and clarification of the Forms and Proceedings which appear as an appendix to the rules, but are not themselves rules of the Senate. I am informed that that matter has already been brought to the attention of the Standing Senate Committee on Standing Rules and Orders. Therefore, I shall not comment further on that aspect at this time.

● (1410)

Honourable senators, if there are no other speakers on the motion in amendment, the Chair is ready to put the question.

Hon. Raymond J. Perrault: Honourable senators, I know we all appreciate very much the ruling given by Her Honour. I want to say briefly that my remarks yesterday should not be taken out of context or extended beyond their intention. Specifically, I do not want to disclaim the Ross Report, as mentioned briefly by Senator Argue. I

would remind honourable senators that in my brief intervention I began by saying:

... there is every reason to believe that from a procedural point of view it will simply not be accepted by the other place.

My specific remarks yesterday—and I want to clarify this—should be interpreted in that light only. Since the other place has already rejected an identical amendment, I believe the proposed amendment by the Senate would occasion inevitable conflict between the two houses and, worse, considerable delay in the passage of this important piece of legislation.

Senator Grosart: Which proposed amendment?

Senator Perrault: I propose we move the amendment and adopt the report, as amended.

Hon. Hazen Argue: Honourable senators, I understand the desire of everyone to have this bill passed as quickly as possible so that applications for loans can be processed and the farmers involved can receive their loans.

Senator Walker: Hear, hear!

Senator Argue: However, I think I should say that in my judgment the amendment proposed by Senator Hays in committee, and put forward in the report of the committee, is a good amendment and one which tends in the right direction, namely, to remove what may well be undue discrimination in providing loans to farmers because of age. I think we are on solid ground in advocating—as the Committee on Agriculture has since initiating the Kent County inquiry—that greater emphasis, substantial emphasis, be placed on providing loans to young farmers, and that there should not be the same requirement for ironclad security. I wish to compliment the government and, specifically, the present Minister of Agriculture, the Honourable Eugene Whelan, for having moved substantially in that direction.

One explanation I have heard for the age limit of 35 years is that if no age limit is contained in the legislation the bureaucrats are liable to give an undue share of the available funds to older farmers. So, to guide the bureaucrats, an age limit had to be contained in the legislation. That may well be a fact, but it is regrettable that we cannot bring about the excellent results intended by this measure without at the same time making it almost certain that some injustices will be done. For instance, a farmer might be in the business only two years when he becomes 35, which in my judgment is still young, and he will no longer be eligible for additional funds under the act. In other words, Parliament will be denying this struggling young farmer certain benefits under the act.

The Senate Committee on Agriculture did invite the Minister of Agriculture to appear before it when it was considering this bill. However, he was unable to attend because of his busy schedule. The chief officials of the Farm Credit Corporation attended, and in ordinary circumstances this representation might have been adequate. However, because we have on the committee a well-informed, aggressive former Minister of Agriculture, Senator Hays, who has very strong views, it is unfortunate that the minister could not have been present. Senator Hays really carried this whole matter, and in very sub-

stantial measure this is his report, and I think it tends in the right direction.

For the record, and to demonstrate, as I think it can be, that the direction the committee was taking is a correct one, I should like to read a letter addressed to me, as Chairman of the Standing Senate Committee on Agriculture, from the Canadian Federation of Agriculture. It is dated Ottawa, April 24, 1975, and reads as follows:

Dear Mr. Argue:

The Canadian Federation of Agriculture has reviewed Bill C-34 proposing amendments to the Farm Credit Act and wishes to comment briefly on the proposed revisions.

The major thrust of the amendments in Bill C-34 is to provide additional facility in the act for providing credit for young people who are entering farming. The CFA has long supported the position that special credit facilities were required for this purpose, and therefore believes that this provision is a positive step.

The major concern which the federation has regarding the proposed amendments is the provision regarding maxima for loans.

The present act provides for a maximum of \$100,000 per farm enterprise. However, in view of the substantial increases in recent years in the price of land, and other farm capital, it is the considered view of our members that the maxima should be increased to \$250,000 per farm. In suggesting a maximum at this level we are thinking of providing some scope in the act for possible continuing increases in the cost of capital items coincident with some continuing development toward larger and more capital intensive operations.

We appreciate that the proposed amendments provide for a maximum of \$150,000 for loans to young farmers, under the age of 35 years; and a maximum of \$100,000 for those not so defined in the act. While the Federation appreciates the general intent of giving an emphasis in the legislation to the credit needs of the younger farmers, we believe that the act should provide for a level of credit in keeping to all farmers whether they are classed as "young farmers" or otherwise. We would not expect that many longer established farmers would need credit in the same amounts as newer, or beginning operators, but nonetheless we believe the opportunity should be there for them should their circumstances suggest larger loans. Consequently in addition to needing to amend section 17.1(1)(a), section 17.1(1)(b) should also be amended.

We note that the proposed amendment provides for the corporation to secure loans by other than only first mortgages. We believe that this is a useful amendment and would support it. This provision will allow for more flexibility in farmers' planning and certainly should simplify the administration, and keep administrative costs to a minimum, where additional loans are being taken by present creditors.

We trust these views will find favour with your committee.

Well, their views did find favour with our committee, so much so that we have a report before us. However, the

Senate is in the position of being criticized once again. Sometimes we are criticized because we do too little, and at other times we are criticized because we do too much. It really is very difficult to determine what we should be doing.

I am not particularly impressed with the argument that, because the House of Commons negated a similar amendment, we should capitulate for that reason. Their debate was a very brief one; it was not a protracted debate. The decision to have a voice vote came very quickly, and it would seem to me that the other place might well consider an amendment from this house, even if they did take a different decision a few weeks ago. However, I understand the urgency of passing this bill.

● (1420)

Honourable senators, all this makes my position rather difficult. The report of the Standing Senate Committee on Agriculture has much in its favour. I understand and sympathize with the position of those who wish to support it, and I understand the reasons they have for doing so.

In view of the fact that, in my opinion, it is a good report, and because it has been presented to this house by the committee, I do support it, and I will vote against Senator McIlraith's motion in amendment.

Hon. Rhéal Bélisle: Honourable senators, although I am not a member of the Agriculture Committee, I was asked the other day to second the motion in question. I did so in good faith. What I am about to say I also say in good faith.

We have now heard the facts with respect to what took place before the Agriculture Committee. We know that there is a certain difference of opinion with respect to this measure among those on the government side. I think such a difference merely shows the wisdom of the Senate in not feeling it has to follow slavishly any given course.

I think there are several points we should bear in mind, Senator Hays, who is very knowledgeable in agriculture, sponsored the amendment in committee and is certainly in favour of the adoption of the report of the committee. Obviously, the most able chairman, Senator Argue, wants the report adopted. The government leader has brought in an expert, Senator McIlraith, to solve the problem, but I would suggest that a salutary solution would be simply to have no vote now and at a later date, when in the wisdom of the government it is appropriate, the government should bring in an amendment which would be satisfactory to everyone, including the Canadian Federation of Agriculture.

Hon. Allister Grosart: Honourable senators, first of all, if I may, I should like to revert to the statement by Her Honour on the point of order I raised earlier. I merely wish to say that I agree completely with Her Honour's ruling. I welcome it and trust that it will facilitate the work of the Rules Committee in definitely deciding the validity of certain parts of our so-called rules which are to be found between the covers of the red book.

With respect to Senator McIlraith's amendment, I have no strong views as to how I might wish to vote, if it becomes a matter of division. On the other hand, I disagree with some of the reasons given for the Senate's rejecting this part of the report of the Agriculture Committee.

References have been made today to the suggestion that we should not adopt the amendment proposed by the committee because a similar amendment was defeated recently in the House of Commons. I cannot really think of a worse reason for not carrying through and supporting the committee's amendment. Obviously, any bill coming to us from the Commons expresses the recent wisdom of the Commons respecting the totality of that particular bill. The fact that in this particular case one item has been brought to our attention bears no relation to the fact that the whole bill was dealt with in the Commons item by item. That is the case with all bills there. Moreover, there are usually many objections raised. Those objections are discussed, and the Commons then makes its decision on the clauses of the bill. Whether or not an amendment is proposed makes their decision on the clauses no less their decision at that particular moment.

The second reason why I disagree with this philosophy is that the purpose of the Senate is to take a second look at everything the Commons does in connection with a bill. Whether it was yesterday or one month ago makes no difference to me.

In this particular case we appear to have new evidence that was not before the Commons. We have the evidence and support of Senator Hays, a former Minister of Agriculture, which has been referred to, and my own guess—and it is only a guess—would be that if we made the amendment, and if the bill went back to the Commons they might accept it, in view of the evidence and argument that have come forward subsequent to the time when the Commons rejected that amendment.

As a matter of precedent I think it would be most unwise for us to assume that we will not amend, or that we will not suggest the reversal of, a decision of the Commons made on any amendment or other motion in respect to the bill.

My second objection to the arguments in favour of the amendment is the continued use of the word "confrontation." I think it is a great mistake for us to assume that every time we disagree with the Commons we are creating a confrontation between the two houses. That is not the concept of the role of this house as I read it in the British North America Act or anywhere else. Our role here is sometimes described as one of "sober second thought". It is in fact to examine the wisdom of the decisions of the Commons, and to make our report in the form of our handling of the bill here on three readings. I therefore suggest that we should not think of this in terms of a confrontation.

Every serious examination that I have seen of the Senate and its efficiency, and its work in Canadian affairs generally, has started with an examination of how many amendments we have made to Commons bills. I would suggest that one of the major measures of our efficiency is the number of amendments we make, and therefore it is a mistake, in my view, to think of them as necessarily being confrontations. That is not the relationship between the two houses that is normal. There is a situation in which there can be confrontation, and there are special provisions in our rules, and in the rules of the House of Commons, to deal with the kinds of differences of opinion between the two houses which could properly be called

[Senator Grosart.]

confrontations. I suggest that this does not apply to the normal process of our amending bills that have been passed by the Commons.

That is all I have to say on the matter, except for a brief comment on the suggestion of urgency. I agree that there seem to be reasons why the passage of this bill is urgent. However, the obvious answer to that would appear to be that the urgency must be one felt very keenly by the government, but if the government is concerned about the urgency of the bill, the time for them to have brought the matter before this house was long before the day or week in which they find it urgent. Surely the urgency has existed for a long time, and it is the business of the government to manage its affairs in the other place and here in such a way that we do not have these continual pleas of urgency as reasons for quick passage of bills.

MOTION IN AMENDMENT ADOPTED

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Argue, seconded by the Honourable Senator Bélisle, that the report of the Standing Senate Committee on Agriculture on Bill C-34, intituled: "An Act to amend the Farm Credit Act," be now adopted.

In amendment, it is moved by the Honourable Senator McIlraith, P.C., seconded by the Honourable Senator Connolly, P.C.;

That the report be not now adopted but that it be amended by striking out the first three paragraphs thereof and substituting therefor the following:

"The Standing Senate Committee on Agriculture, to which was referred Bill C-34 intituled: "An Act to amend the Farm Credit Act," has, in obedience to the order of reference of Tuesday, April 22, 1975, examined the said bill and now reports the same, without amendment, but with the following recommendations:"

Is it your pleasure, honourable senators, to adopt the motion in amendment? Will those in favour of the motion please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those who are against the motion please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it. I declare the motion in amendment carried.

Senator Flynn: On division.

Motion in amendment agreed to, on division.

REPORT ADOPTED

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the main motion, as amended?

Some Hon. Senators: Agreed.

Senator Flynn: On division.

The Hon. the Speaker: I declare the main motion, as amended, carried on division.

Motion agreed to on division, and report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator McDonald: Honourable senators, in view of the attitude, as I assess it, that there is urgency with regard to the passage of this bill, I move, with leave, that the bill be read a third time now.

● (1430)

Some Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

PETROLEUM ADMINISTRATION BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Hays, P.C., seconded by the Honourable Senator Macnaughton, P.C., for the second reading of the Bill C-32, intituled: "An Act to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade".—(*Honourable Senator Grosart*).

Senator Grosart: Honourable senators, it is not my intention to speak now on the motion that is adjourned in my name. But since I know there is some urgency about this bill, not quite the same kind of urgency as attached to the bill we have just passed, if there is any other senator who wishes to speak at this time, I should be glad to yield. It is my intention to speak to this order Tuesday next, but I would be very glad to yield to any senator who wishes to speak now.

Senator Manning: Honourable senators, I too would like to say a few words on this bill, but I should like to defer doing so until our next sitting, if that will not delay the bill too long.

Order Stands.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

May 8, 1975

Madam,

I have the honour to inform you that the Honourable R. G. B. Dickson, LL.D., D.C.L., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 8th day of May, at 5.15 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant.
André Garneau
Brigadier General
Administrative Secretary to the
Governor General.

The Honourable

The Speaker of the Senate,
Ottawa.

NATIONAL DEFENCE ACT AND CRIMINAL CODE
(TOTAL ABOLITION OF CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, April 30, the debate on the motion of Senator Argue for second reading of Bill S-23, to amend the National Defence Act and the Criminal Code (total abolition of capital punishment).

Senator Carter: Honourable senators, when I adjourned the debate on this bill last week I was standing in for the Government Whip who happened to be absent on that occasion. It was not my intention to participate in the debate because I have already spoken several times in this chamber in favour of total abolition of capital punishment. My views are well known, and I see no reason to repeat them over and over again. I adjourned the debate in case some other senator might wish to participate, and also to reserve the sponsor's right to reply.

Having said that, honourable senators, I am now prepared to yield to any other member of this house who wishes to speak at this time.

Hon. J. J. Greene: Honourable senators—

The Hon. the Speaker: Honourable senators, does Senator Greene have leave to proceed at this time instead of Senator Carter?

Hon. Senators: Agreed.

Senator Greene: As is the case with Senator Carter, it had not been my anticipation to participate in this debate, and for the same reason. My views are well known and have been widely publicized; at least, my voting record in the other place has made my views very clear. I was moved to reconsider my decision not to reiterate my views, first, by the excellence of the speeches of the mover and seconder and of Senator Macdonald who also spoke on this bill. I was also moved, to some extent, by the contrary views expressed by Senator Beaubien, but I shall say little of him because I think he has been dealt with more effectively than I could ever deal with him by his own party colleague, Senator O'Leary.

I shall merely say that I should like to enlighten, if I can, Senator Beaubien on his history. It seems that he analogizes the need for more hangman's nooses with the steps that Rome took to protect herself by erecting walls in the days of her decline. As I understand the analogy, he says that if we build more hangman's traps, just as Rome built more walls, then we will save our society just as Rome saved hers. I fear his sociology is not much better than his history, because as I recall history the walls did

not save Rome. Rome paid tribute to Attila the Hun in or about the year 450 A.D., and Attila was not stopped by the walls. He was stopped by disease in his own army, by his inability to maintain his lines of communication, and ultimately by the personal intervention of Pope Leo I. As I have said, I suggest that Senator Beaubien's sociology is no better than his history. We should not pay too much heed to his plea that we build more scaffolds to bring law and order to this country.

I am also moved, honourable senators, by the fact that irrespective of having had my say in the other place on this issue, it is only fitting that one who has been in that position should also make his record clear in this house. I feel very strongly that the validity of this chamber, if it needs any reaffirmation, will be determined not so much, as we were told yesterday, by the number of days on which we occupy our seats here; it will be determined or made valid by the fertility of our ideas, by their relevance at any particular time in Canadian evolution, and by the quality of our debate.

Hon. Senators: Hear, hear!

Senator Greene: For this reason I think it is important that any of us who have views on any matter raised in the Senate should make them known and have them recorded. It may well be that if our ideas are of sufficient fertility, and if, indeed, our debate is of sufficient quality, then the happy day may come when even the Fourth Estate will attend here, as it did in the Mother of Parliaments in the day when Burke coined that phrase, so that the people of Canada will come to know better than they apparently do today that the appointive half of the legislative duality has a very real contribution to make to our constitutional system.

● (1440)

Secondly, honourable senators, I was moved to speak in this debate by the fact that I am probably one of the few in our country who has had the dual responsibility of, at one time, defending an accused person charged with a capital crime in the courts of our land and, at a later date, exercising the executive prerogative of mercy in the Privy Council chamber. I can only say that I found both these inexorable duties not only difficult of performance, but virtually impossible of performance. Certainly, in defending a man charged with a capital crime very early in my career at the Bar, I felt the inadequacy of my forensic and persuasive talents in having the life of a fellow human being resting in my hands. While that may have been a human failing, I am reinforced in this conviction by the views of men who have established a far greater reputation, quite justly so, than I could ever have aspired to at the Bar, the criminal Bar in particular—men such as Arthur Maloney, Q.C., who spoke so eloquently on this issue in the other place in the days of a prior administration; men such as the now Mr. Justice Lawrence Pennell; men such as Mr. Justice G. Arthur Martin, who, during his time, was the finest practitioner not only at the criminal Bar in Canada but possibly in the English-speaking world. Men of this ability and capacity to do that job in the court room, which cannot be questioned, these giants of the criminal Bar, almost universally subscribe to the fact that the state has no right to take human life. So it would seem that that half of the impossible conundrum, the defence of

[Senator Greene.]

one accused whose life is in jeopardy, cannot be adequately fulfilled.

At the other side of the conundrum is the royal prerogative of mercy, exercised by virtue of constitutional evolution by the Cabinet. It is one of the elements of the criminal procedure, for which no higher authority exists, in my humble judgment, than Mr. Justice Emmett Hall. He tells us that this function is an important element within the law. It is a misapprehension on the part of many viewers of the subject that the royal prerogative of mercy exists outside the law. This function is equally impossible to fulfill by means of any judicial or precedent method.

We have no less authority than Shakespeare, when he puts into the mouth of Portia, in that greatest of all speeches on the quality of mercy, apposite reference to the royal prerogative:

But mercy is above this sceptred sway,

It is enthroned in the hearts of kings,

It is an attribute to God himself.

I think it unlikely that in this or any other land we will have a Privy Council at any time composed of men who have that divine attribute. Certainly in my opinion anyone who has had this awesome responsibility in the Cabinet knows that today there is a hue and cry for precedent, and it should only be exercised if certain conditions have been met at trial, et cetera. Well, the quality of mercy cannot be measured in this way and it is, therefore, an impossible conundrum again.

So, on the two halves of my personal dilemma I have found that two aspects of this issue are part of the law, which is impossible for mere human beings to enforce adequately. If there is any law that cannot be enforced adequately by ordinary human beings, then surely it is a bad law. What we as legislators are here to do is remove from the statute books laws which are bad, and replace them with ones which are beneficial.

These are my reasons, honourable senators, for speaking on this matter. I have not a great deal to add. As I say, everything that has been said statistically has been said before and I have no new or brilliant idea to bring to the debate.

I was much moved by Senator O'Leary's eloquent plea in respect of the doctrine of atonement. I, as a mere Anglican, cannot speak to the spiritual aspect of the doctrine, but I would draw to the attention of the Senate some secular thought in that regard. Longfellow, I believe, puts it this way in his poem *Ladder of St. Augustine*:

Nor deem the irrevocable Past,

As wholly wasted, wholly vain,

If, rising on its wrecks, at last

To something nobler we attain.

Now, while we keep many statistics, I have not found it easy to find human records to illustrate to the Senate events which occurred in which rehabilitation took place. However, I have one case to which I would draw the attention of honourable senators, that of Richard Loeb and Nathan Leopold, which took place in Chicago in 1924. This was as a result of probably the most gruesome and horrendous murders in the annals of criminal law. Two young

men of genius capacity became enmeshed in Nietzsche's philosophy and thought of themselves, by reason of their tremendous intellect, as supermen.

They gruesomely took the life of a 14-year old boy, Bobby Franks, in the firm belief that they, being supermen, should be permitted to do as they pleased. This horrible crime certainly raised a tremendous popular outcry and there would be little doubt, as these were very rich young men, that the mob, had they had their way, would have lynched them very quickly and taken their lives out of hand. They were saved from the gallows by the genius of one of the great men of our century, Clarence Darrow, who was able to persuade the court on two scores. First, he persuaded the judge that the law of insanity as defined in the criminal law in the state of Illinois—which is similar, I believe, throughout the English-speaking world—did not conform with insanity as defined by the advance of medicine at that stage. Secondly, he persuaded the court that the state of Illinois had never before taken the life of boys of that age. It was really on that latter score that instead of being sent to the gallows, or the gas chamber—or whichever was the beneficent method of the day which the state took in doing away with life—those boys were given 99 years plus life in the penitentiary.

● (1450)

Loeb was killed by a fellow inmate at Joliet Penitentiary shortly after his incarceration. The case I want particularly to draw to the attention of honourable senators is that of Nathan Leopold.

During the course of his term in the penitentiary, he used his genius capacity to good measure, both in doing rehabilitative work with prisoners and by becoming the librarian and setting up a very effective library whereby an education system in the penitentiary became feasible. While in jail, he learned 12 languages, and on his release did humanitarian work, which certainly makes us pause and think whether taking this life, or any other, would have had any useful aspect.

During World War II, he offered himself as a human guinea pig in Malaria research. After he was released in 1958, after some 34 years in prison, he moved to Puerto Rico, became director of the only leprosy hospital on the island, and his work in educational and sociological fields made many people—certainly in Puerto Rico—say at that time, "Thank goodness they did not extinguish that life. Look at how much good he has done since."

To those who believe in the retributive aspect of criminal law, may I quote briefly from Leopold's autobiography on what he thought about his penalty. He addresses himself to the question of whether he had been punished enough:

I have spent 33 years in jail. I have lost those near and dear to me while I was there including my father, my aunt who was a second mother to me and my brother. I have forfeited any chance of amounting to anything. I have forfeited every chance for happiness. I have forfeited a chance for a family. Whether this is sufficient I do not know.

I suggest to those who believe in the punitive aspect of the law—the eye for an eye, tooth for a tooth, philosophy—

that surely those words would indicate that the punishment was sufficient.

Honourable senators, in my opinion, we should seriously consider this one example. Who can tell at an early age what the life that we snuff out might become, if we snuff out the life of one person who has the potential to do the good that Nathan Leopold did in later life? More serious still, how can we tell what budding El Greco, Velázquez, or incipient Beethoven, there might be at 17, 18, 19, 20, 21 or 22 years of age, if that life is snuffed out and we prevent any possibility—not merely of atonement—of service to society? That, surely, is a terrible responsibility for the state to take, to prevent the possibility of secular atonement by the snuffing out of a life. That is something which we should seriously consider.

Honourable senators, it may appear anomalous that this bill, on this serious issue, is the subject matter before this half of the legislative duality of Parliament. I would suggest that this might very properly be the right half of the legislative team to decide matters such as this. Today, with the rapidity of communications and with our constitutional evolution having taken the direction it has, we have practically abandoned the representative theory of Parliament, and in the popular house—again by reason of the rapidity of communications, by reason of tradition—they have almost come to accept the republican view of representation, namely, the delegate view; that a member of the other place is merely a delegate—or is, in fact, a delegate—for those he represents and for the country at large.

The best example of that view, that in the other place there is no real attempt to maintain the representative theory as opposed to the delegate theory, might be the following. Honourable senators will recall that early in 1968 a money bill was defeated in the other place, and there was a constitutional question as a result. The question was not resolved in Parliament. It was resolved by the flow of communication engendered between the public and the elected representatives, urging that this defeat of the government on a money bill not cause an election. It was through this "delegate" approach that the public made it known it did not want an election, and therefore there was not one.

This precedent makes it perhaps impossible for a popularly elected chamber ever to decide longstanding issues on which the public feels strongly, except in accord with what might be the will of the mob—be it a lynch mob or not—at any given time. It may well be that the Senate, because it is not faced with that sort of pressure, and because we are clearly delegates of no one, by reason of the security of tenure alone, can arrive at solutions to some of the thorny issues that simply do not lend themselves to solution under the "delegate theory" of an elective legislature. It may well be that the constitutional evolution of the bicameral legislative system can lend itself to that conclusion.

● (1500)

Successive governments for the past two decades have not been able to arrive at a solution to this problem. I suggest, honourable senators, that if there is a necessity of establishing the validity and need of a second legislative chamber in our constitutional process, it clearly comes at a

time when we have a problem before us that clearly has not been soluble by either government or the popular assembly. The solution to this type of thorny problem by the appointive chamber will put us on the surest and firmest foundation, namely, that within our constitutional totality there are times when only an appointive chamber can solve problems which simply do not lend themselves to solution by the elective chamber.

Honourable senators, in addressing the court, Clarence Darrow, to whom I referred earlier, had this to say in connection with capital punishment.

—if the state in which I live is not kinder, more humane, more considerate, more intelligent, than the mad act of these two boys, I am sorry I have lived so long.

Honourable senators, I suggest that we in this house have a solution to the problem of capital punishment, as contained in Bill S-23, that is more humane, more considerate, more intelligent, than the law as it presently exists, and if we can arrive at a solution to this problem, we will indeed have fulfilled the responsibility of this chamber under our Constitution.

May I respectfully urge your consideration and support for Bill S-23.

On motion of Senator Petten, debate adjourned.

INTERNATIONAL WOMEN'S YEAR

DEBATE CONTINUED

The Senate resumed from Tuesday, April 29, the debate on the inquiry of Senator Quart calling the attention of the Senate to International Women's Year.

Hon. Muriel McQueen Fergusson: Honourable senators, I am grateful to Senator Quart for having called the attention of the Senate to International Women's Year in her very interesting speech on March 19 last. After listening to her speech and rereading it several times, however, I am uncertain as to whether or not she gives it her support. My object in following both Senator Quart and Senator Norrie in this debate is not to enlighten honourable senators about International Women's Year, of which, I presume, honourable senators have heard and read a great deal, but to make it very clear that I support wholeheartedly International Women's Year and its objectives.

When the United Nations recognizes and wishes to draw attention to a serious problem, it declares or designates a year in which it will bring that matter to the attention of the world. The year 1974 was designated World Population Year, when the threat of over-population was stressed; 1970 was designated International Education Year; 1968 was declared International Year for Human Rights. There have been several other years designated by the United Nations, some of which have been successful in causing the peoples of the world to bestir themselves to overcome the problem which was the cause of the year's being designated by the United Nations. Some of the years so designated, however, have been abysmal failures.

Both Senator Quart and Senator Norrie referred to Mrs. Helvi Sipilä of Finland, who is responsible for International Women's Year. She is Assistant Secretary General for Humanitarian and Social Affairs at the United

Nations, which is the highest position held to date by a woman in the United Nations Secretariat. Mrs. Sipilä is a distinguished lawyer who has been a member of a number of governmental committees in her own country, the purposes of which were to deal with such things as marital law, the protection and rights of children, civic education and international development. She has also served on the Supreme Court of her own country and has, for a number of years, represented Finland at the United Nations as a member of its delegation.

For some years she was also a vice-president of the International Council of Women, and she has been deeply involved in the World Scout Federation. When she was International Chairman of Zonta, a worldwide service organization, she visited Canada and made many friends, all of whom have been happy to welcome her back several times, in connection with her work for International Women's Year and also in connection with her responsibilities concerning the United Nations Congress on Crime, which will take place in Toronto in 1976.

The United Nations has many things to its credit, but it also has things to its discredit, for sometimes it has not lived up to the high ideals of its founders. It has, on occasion, ignored and violated its own Charter, and as a result has lost much of the prestige it had in its earlier years. Consequently, it is not only due to 1975 having been designated by the United Nations as International Women's Year that it is receiving worldwide support; it is because the people of the world recognize that it is timely and that it is a good idea. Good ideas, once planted in the human mind, are apt to grow. Victor Hugo said:

● (1510)

Greater even than the tread of mighty armies is an idea whose time has come.

And the time has come to recognize the equality of the sexes.

More than 80 heads of state and governments signed a declaration of support for International Women's Year. Many countries inaugurated it with special ceremonies and seminars. The peoples of the world recognize that International Women's Year involves the basic rights of human beings, the rights so vividly set out in Thomas Paine's *Rights of Man*; the same human rights that were the moving forces behind the American Revolution and the French Revolution.

International Women's Year has been described as a social revolution by women. Well, in all revolutions the leaders have been those whose rights have been violated or ignored, but men who truly believe in human rights are equally involved and are giving wholehearted support. People throughout the world, men and women, realize that this is an idea "whose time has come," and this is the reason for the success International Women's Year is having in so many countries.

The principle of the equal rights of men and women was one of the high ideals stated in the Charter of the United Nations in 1945. The principle was reaffirmed in the United Nations Declaration of Human Rights, which was adopted by the General Assembly in 1948. However, a report which I found in a United Nations publication,

issued in connection with International Women's Year, says:

Equality between men and women does not exist in the world today. It is still a great disadvantage to be born female. There are countries where women may not spend the money they earn, or own property, where they may not apply for a passport or go to court without permission of their husbands.

The report goes on to say:

It would appear in male-dominated societies women's work is apt, without reason, to be regarded as of less value than that of a man.

From statistics we have received, it seems that this can with truth be said of our country. There are also still some countries where women are even denied the right to vote.

On a worldwide scale there is much to be done to bring about equality between the sexes. Recognizing this, 1975 was designated by the United Nations as International Women's Year, with a three-pronged objective—first, to promote equality between men and women; secondly, to integrate women into the social and economic development effort of nations, pointing out the important part they can play if given the opportunity; and thirdly, to give recognition to the importance of women's increasing contribution towards the development of friendly relations and cooperation towards strengthening world peace.

With reference to the third aim, I am reminded that Eleanor Roosevelt, with her wide experience, said she had found that women are always willing to cooperate, but she found that men were always anxious to dominate. More cooperation is certainly needed today, and perhaps this characteristic of women, if they are given the opportunity to exercise it on a wide scale, may lead to greater peace in our troubled world.

Sylva Gelber, the knowledgeable Director of the Women's Bureau in our own Department of Labour, is quoted as having said that the concept of International Women's Year is valid internationally. It is certainly recognized that there is a direct relationship between the status of women and the economic prosperity of a country. This has been recognized in a number of countries. Honourable senators will remember that, when I was speaking about Mexico in this chamber on April 10 last, I pointed out it had been recognized by Mexico. I then said that Mexico, recognizing the contribution that women can make toward the development of the country, if given the opportunity to participate as equals with men, is in the process of passing laws guaranteeing that equality, not just to grant rights to women but to help toward the prosperity of their country.

In 1966 Canadian women, aware of existing discrimination against women in this country, and led by Laura Sabia, who was then President of the Canadian Federation of University Women, pressed the government for the appointment of the Royal Commission on the Status of Women in Canada. As you know and have been told, the commission was appointed in 1967. That commission, under Florence Bird, who was a well-known writer and commentator on radio and television, provided a public forum where people could express their opinions on matters that had to do with the equality of women. It proved

actually to be a thorough psychological study of the status of women in this country, and it revealed to the people of Canada many injustices which, due to deep-rooted customs, traditions and practices, had been ignored.

The report of the commission, which pinpointed inequalities in our culture and recommended solutions, greatly changed Canadian attitudes toward women. The solutions were embodied in 167 recommendations, but only 122 of these came within the jurisdiction of the federal government. To date, 44 of the recommendations under federal jurisdiction have been implemented entirely; 37 have been partially implemented. If legislation already introduced in the House of Commons is passed by both houses, that will provide for the implementation of another 12 of those recommendations.

Although this shows concern by the government and a desire to eliminate existing discrimination, there is great impatience amongst women because the pending legislation has been so long delayed. They consider it deserves higher priority than it has received. Also, as I said in this chamber on October 24, 1974, when speaking in the debate on the Speech from the Throne, the anti-discrimination legislation pending "seems to give only a perfunctory bow to women's demands in that it focuses attention on matters which are peripheral to the causes espoused by women's rights groups."

There is more than impatience; there is frustration felt because the human rights legislation promised for so long has not yet been introduced in Parliament. There is a strong feeling that, although we are well advanced into the second quarter of International Women's Year, anti-discrimination legislation has received little attention during this year.

On the other hand, Canada, which through the work of the royal commission had already recognized the necessity of taking steps to assure equality to women, has welcomed the impetus given to such a movement by the designation of 1975 as International Women's Year, and has been generous in making funds available for promoting in our country the aims of International Women's Year. We have an International Women's Year Secretariat, under the direction of Mary Gusella, and a Status of Women Division of the Privy Council Office, headed by Martha Hynna.

● (1520)

They have undertaken a national educational and promotional campaign, through the media, aimed at changing the traditional attitudes that underlie the existing discrimination against women. That developed, as you know, into the widely known "Why Not" campaign. I must say that originally I did not favour it. However, the opposition it engendered has aroused more interest than its positive appeal. For that reason, I have reluctantly come to believe that it has been successful in bringing International Women's Year and its aims to the attention of the Canadian public. Perhaps it was not the way they planned it, but it has certainly been successful in accomplishing what they had in mind.

There is also a Women's Program in the Department of the Secretary of State. Suzanne Findlay is the director of that program, which ordinarily has a budget of about \$200,000. This year the Women's Program was given half of

the amount allotted for International Women's Year. That gave the Women's Program the opportunity to do many things it could not do otherwise. Suzanne Findlay says that the Women's Program "wants to support the initiative of women's groups and also to sensitize the general public to the particular problem which women have." With the added support given to them in International Women's Year, they have been very successful this year, and many women's groups throughout the country are very active and are becoming aware of their potentialities.

They are also becoming aware that there is a serious gap between the roles which women could play, and the means at their disposal to enable them to play those roles. I should like to point out that it is important that they keep working for these aims in 1976, 1977 and 1978—indeed, until the aims are achieved. To that end it will be absolutely necessary for those groups to continue to receive encouragement in the years to come as well as in 1975. It is not only in 1975 that we should pursue equality for women in our own country.

Recent Supreme Court decisions have made it clear that, if Canada is to give credence to the aims of equal rights, the laws relating to the division of matrimonial property on divorce or on separation without divorce must be changed. Family laws must recognize that marriage is an economic as well as a social partnership of equals. To give equal rights to Indian women, for example, the law, which causes them to lose their Indian status on marrying a non-Indian while at the same time Indian men who marry non-Indians do not lose their status, must be changed.

I have an especial interest in women in the work force, in their opportunities for advancement in their work and their right to equal pay with men. In school and college women compete well with men, very often leading the classes. A recent article in a weekend magazine about Judge Thomas Berger, the British Columbia Supreme Court Judge who is presiding over the inquiry regarding the impact the proposed Mackenzie Valley natural gas pipe line would have on the Canadian North, mentioned he was a good student. When interviewed, he referred to his career at the University of British Columbia, where he studied law, and said that on graduating he was third in his class of 60. In the article he is quoted as saying, "No males were ahead of me, but two females were."

If women can do so well in university, why is it that, for example, a 24-year-old man leaving university with a degree, on an average receives more money in his first job than a woman of the same age with equivalent education? Statistics show that that is true. Why is it that a male high school graduate earns an average of 34.2 per cent more than the equivalent female graduate?

Madeleine Parent, Secretary-Treasurer of the Canadian Textile and Chemical Workers Union, has spent 35 years as a trade union organizer. Speaking in a lecture series recently, she said that Canadian women are paid \$7 billion less annually than men in identical jobs. They are paid \$3.5 billion less in Ontario alone. She also said that our equal pay legislation has been of little benefit to women, owing to the fact that the government investigators sided openly with employers during the investigation of complaints.

[Senator Fergusson.]

There is a general impression that increasing numbers of women are entering professions in Canada. But is that impression correct? In 1901 about 15 per cent of the total female work force was in the professional category. In 1971 more women were in the work force and women were in more diversified professional careers, but in that year, 1971, only 16 per cent of the women in the work force were in the professional category. At that rate of increase, honourable senators, it would take about five centuries to bring about the equality of women in Canada.

The labour force statistics do not show that the status of women in Canada is making much progress. As Senator Norrie said in this debate, in 1962 a man working full time for a year would be earning 47.4 per cent more than the average woman working full time. In 1971 a man was earning 44 per cent more than the average woman. That difference has decreased slightly in the nine years, but not by very much.

Figures from Statistics Canada show that pay discrepancies exist between males and females in practically every occupational area, and always to the disadvantage of the female. A report of the Women's Bureau of the Department of Labour shows that average wages and salaries for similar jobs in manufacturing, service, technical and office categories are consistently lower for women than for men. The report goes on to say further that, "although women represent one-third of the labour force they do not occupy a place in the labour force remotely proportionate to their numbers, either in terms of occupational distribution or in terms of compensation."

The studies of the Special Committee of the Senate on Poverty revealed that there are large numbers of women in the labour force who are heads of families, and who are the only support of their families. It costs those women as much to support their families as it does men who are heads of families. Nevertheless, because of traditional prejudices, those women are not given as good opportunities for promotion and advancement and, consequently, for higher salaries as those given to men. Nor, according to reports of Statistics Canada and the Women's Bureau, are they even given equal pay for doing the same work as men. The struggle for equal rights for women—and equal pay opportunities are certainly part of that struggle—is not an anti-male struggle, but is merely a struggle to provide equality for 51 per cent of the human beings who make up our population.

Honourable senators, although it might have been expected that there would be general agreement among women with respect to the whole question of abortion, in fact it is a subject on which there is wide disagreement among women in this country—even to the point that there is strong division and bitter feeling among them on this particular aspect of women's rights. For my own part, I have twice stated in this chamber that I think the offences related to abortion should be deleted from the Criminal Code. Certainly, the subject of abortion is closely involved with that of women's rights, but I do not think that it is the only question, or that it is even the greatest or most important question regarding women's rights.

● (1530)

History tells us that Canadian women won the vote by persuasion rather than by the violence that was used in

other countries before the vote was granted. However, had that violence not taken place, it is doubtful if persuasion alone would have been effective. Canadian women are hopeful that, again by persuasion, they can secure the rights which are the objectives of International Women's Year.

Determined as they are, they are not asking for laws to enforce equal rights in as drastic a manner as those in effect in Mogadiscio in Somalia. After equal pay laws were passed in that country at the beginning of this year, it is reported that ten who spoke against those laws were executed by a firing squad, six were given 30 years in prison, and 17 were sent to prison for 20 years. A member of the women's liberation group in that country is reported to have said, with a slight smile, "Since January, it's funny, but no one complains much about women having equality."

Our traditional attitudes with regard to women's place in society are the result of customs and traditions that have been instilled, and at the present time are being instilled, into young Canadians in their homes and in their schools.

In the Philippines there are a number of upper class women prominent in professions and in government. Leticia Shohani is an ambassador from that country, and when speaking of such women, of whom she is one, says, "We are not typical."

Why is it that in our own country if a woman is successful she is considered an unusual woman? She is not considered typical of what women can do, but, as Kenneth Haig said in her book about Cora Hind, if a woman fails she fails for all womankind. Why is she only considered typical of women when she fails, but untypical if she is successful?

Before women can achieve the equality they seek and can make the contribution of which they are capable, these attitudes must be changed either by education or by legislation. It is a fact that today's laws change yesterday's attitudes, and women in Canada are hopeful that during International Women's Year laws will be passed in this country that will bring the attitudes of all Canadians into line with the principles of human rights which are so plainly stated in the United Nations Charter to which we adhere.

On motion of Senator Petten, for Senator Inman, debate adjourned.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, May 13, at 8 o'clock in the evening.

Before the question is put, I should like to give the usual brief summary of the work for next week. I will deal first with the committees.

On Tuesday, the Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 9.30 a.m. The Legal and Constitutional Affairs Committee will

meet at 11 a.m., and at 2 p.m. on Bill S-19. The Foreign Affairs Committee will continue with its study of Canadian relations with the United States at 2.30 p.m.

On Wednesday, there may be a meeting of the Senate Standing Committee on Banking, Trade and Commerce at 9.30 a.m., but this is not yet definite. The National Finance Committee has scheduled a meeting for 3.30 p.m., or when the Senate rises, to continue its examination of the Manpower Estimates.

On Thursday morning, the Foreign Affairs Committee will meet at 9 a.m., and the National Finance Committee will meet again on the Manpower Estimates at 9.30 a.m. Also at 9.30 a.m. there will be a meeting of the Agriculture Committee on crop insurance. In the afternoon the Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 3.30 p.m.

In the Senate we will continue with the unfinished items on the Orders of the Day. Senator Rowe will call the attention of the Senate to the Spring Meetings of the Interparliamentary Union held in April in Sri Lanka. Senator McGrand will proceed with the motion standing in his name respecting crime and violence in contemporary Canadian society. Senator Hayden will make the motion, of which notice was given today for him by Senator Petten, to empower the Banking, Trade and Commerce Committee to examine the subject matter of Bill C-60, respecting bankruptcy and insolvency, in advance of the bill coming before the Senate.

Motion agreed to.

The Senate adjourned during pleasure.

At 5.20 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable R. G. B. Dickson, LL.D., D.C.L., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Senate and House of Commons Act, the Salaries Act and the Parliamentary Secretaries Act.

An Act to amend the Farm Credit Act.

An Act to amend the Fort-Falls Bridge Authority Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, May 13, at 8 p.m.

THE SENATE

Tuesday, May 13, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Daudlin has been substituted for that of Mr. Caccia on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Isabelle has been substituted for that of Mr. Clermont on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

TWO-PRICE WHEAT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-19, to provide for payments in respect of wheat produced and sold in Canada for human consumption in Canada.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the number and amount of loans to Indians made under section 70(1) of the Indian Act for the fiscal year ended March 31, 1975, pursuant to section 70(6) of the said Act, Chapter I-6, R.S.C., 1970.

Capital Budget of the National Battlefields Commission for the fiscal year ending March 31, 1976, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with

copy of Order in Council P.C. 1975-475, dated February 27, 1975, approving same.

Revised Capital Budget of the Northern Canada Power Commission for the fiscal year ended March 31, 1975, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-731, dated March 27, 1975, approving same.

Report of Air Canada for the year ended December 31, 1974, pursuant to section 27 of the Air Canada Act, Chapter A-11, R.S.C., 1970.

Copies of a document entitled "Proposals for the First Year of Consensus," issued by the Department of Finance.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America constituting an Agreement to renew the Agreement of May 12, 1958, as extended, concerning the organization and operation of the North American Air Defence Command (NORAD). Washington, May 8, 1975. In force May 8, 1975.

Report of Eldorado Nuclear Limited and its subsidiary, Eldorado Aviation Limited, including their accounts and financial statements certified by the Auditor General, for the year ended December 31, 1974, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Capital Budget of the Canadian Saltfish Corporation for the fiscal year ending March 31, 1976, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-859, dated April 17, 1975, approving same.

Copies of final communiqué issued following the meeting of Commonwealth Heads of Government, held in Kingston, Jamaica, April 29 to May 6, 1975.

LABOUR CONDITIONS

STRIKE OF LONGSHOREMEN IN QUEBEC—BACK-TO-WORK
LEGISLATION

Senator Perrault: Honourable senators, I am pleased to report to the Senate on the labour situation at St. Lawrence ports and the application of an act of Parliament directing striking longshoremen to return to work.

Yesterday at Montreal, striking longshoremen met with their leadership, who informed union members that fines and/or imprisonment would face members who did not obey the judgment of the Quebec Superior Court ordering them to return to work.

I am sure all senators are pleased to note that longshoring operations recommenced at Montreal on a reduced

scale but they are resumed. They resumed yesterday afternoon. Longshoring activities at the St. Laurence ports of Trois-Rivières, Quebec City and Montreal returned to full-scale operation today.

Honourable senators, I am sure, are aware that the judgment of Mr. Justice Deschênes was a strong judgment in that it left no doubt that the law passed by Parliament approximately three weeks ago was valid law and applicable to the St. Lawrence ports situation.

Senator Flynn: Honourable senators, am I right in concluding from the government leader's report that no action will be taken against the stevedores if they obey the injunction of Chief Justice Deschênes, even though they do so a couple of days late? It seems to me I heard that the Minister of Justice was considering placing charges against the stevedores for not returning to work when we passed legislation, some twenty days ago, ordering them back to work immediately. Is that correct?

Senator Perrault: I am not able to give a definitive answer to that question at this time. Consideration has been given to a number of alternatives. I shall endeavour to obtain further information before the Senate rises tonight.

INDUSTRY

CANADIAN TEXTILE PROBLEMS—STATEMENT

Senator Perrault: Honourable senators, it is my intention to speak in the near future and review in some detail the steps taken by the Canadian government to encourage the continued development of an efficient domestic textile industry. However, I might at this time simply bring attention to the measures announced by the Minister of Industry, Trade and Commerce, the Honourable Alastair Gillespie, regarding textile imports and their part in the national textile policy.

The minister recently announced that restraints will be arranged on imports of men's fine suits from Korea in line with the recommendations of the Textile and Clothing Board set out in the board's interim report on fine suits which was tabled in the House of Commons; that imports of fine suits from Taiwan, Hong Kong, Hungary, Romania and Poland are to be monitored through use of the import control list; that imports from all sources of worsted spun acrylic yarn for machine knitting, and double-knit and warp-knit fabrics, are to be monitored through use of the import control list to ensure that imports do not exceed the levels stipulated in Textile and Clothing Board recommendations for these products; that imports of nylon filament fabrics from Taiwan are being placed on the import control list to facilitate administration of Taiwan's recent voluntary undertaking to restrain exports of nylon fabrics to Canada to avoid disrupting the market.

The minister went on to say that action is underway with the Republic of Korea for the purpose of arranging a restraint on exports of men's fine suits to Canada, pending completion of the current inquiry of the Textile and Clothing Board on men's suits, jackets and pants. In its interim report on men's suits from the Republic of Korea, the board expressed the opinion that until such time as it can complete its current inquiry, steps must be taken to

discourage the placing of further large orders for men's fine suits in the Republic of Korea if damage which would be difficult to repair is to be avoided.

Full use will be made of the provisions of the Export and Import Permits Act to encourage stability on the textile market. By placing on the import control list products which are vulnerable to competition from low-priced imports, advance information can be obtained on rates of importation that will indicate what further special protective measures may be required.

It is the view of the government that the measures announced are in keeping with the national textile policy which the government has been implementing since 1970. The policy is to encourage the development of an efficient domestic industry which is internationally competitive on a normal basis. Where this objective is jeopardized by injurious imports, special measures of protection are introduced.

I felt I should make that statement at this time in view of the concern of all honourable senators about the textile industry in this country.

Senator Cameron: Could the Leader of the Government give us some idea of the dollar value of the suits or suiting materials brought in from Taiwan and/or Hong Kong in a year?

Senator Perrault: I will be glad to take that question as notice because of its technical nature.

Senator Asselin: Is the statement made by the Minister of Industry, Trade and Commerce an indication that the Senate is being refused the opportunity to have one of its committees study this question, even though it was raised in the Senate by Senator Desruisseaux and other senators?

Senator Perrault: There is no intention to restrict the right of any Senate committee to investigate matters of considerable importance in this country. However, I did wish to indicate to the house the concern of the government about the entire question, to indicate that the government is acutely aware of the importance of the subject and has taken action.

Senator Asselin: In view of the statement made by the minister, is this the reason why the debate on the textile industry was cut in the Senate?

Senator Perrault: I want to assure honourable senators that there is no intention at all to restrict debate in the Senate on this subject matter. I intend to make a statement on behalf of the government as soon as possible.

Senator Desruisseaux: Honourable senators, I should like to inquire of the Leader of the Government if these measures were taken to correct a situation which has prevailed for approximately two years now, and which labour leaders and some manufacturers exposed by way of protest to the Department of Industry, Trade and Commerce? I refer, of course, to the difficulties in the textile industry caused by the importations that the government leader mentioned.

Senator Perrault: Representations have been received from a number of areas in Canada, and from a number of sectors, including both business and labour. It may be necessary to take additional measures to assure the continuing viability of the Canadian textile industry. It is my

further understanding that a study on this subject is underway in the other place. There is substantial concern about the problem, but I again want to assure honourable senators that there is no intention to restrict consideration of this problem here.

HEALTH AND WELFARE

CONNAUGHT LABORATORIES LTD.—QUESTION ANSWERED

Senator Perrault: Honourable senators, on Tuesday, March 25, Senator Sullivan asked the following question:

Will the Government of Canada, as sole owner of Connaught Laboratories Limited, request the Ministry of Health of Ontario to monitor all proposals for residential development in close proximity to the Connaught Laboratories with the object of preventing any possible hazard to the residents of such developments or hindrance to the work of the laboratories?

Senator Sullivan's original question on this subject was asked on Tuesday, March 4, and I replied to the question on Tuesday, March 11. However, on Tuesday, March 25, Senator Sullivan expressed concern that the question had not, in his view, been answered adequately.

● (2010)

After discussion with my colleague, the Honourable Marc Lalonde, I am pleased to assure the house that the government shares Senator Sullivan's concern, both about the safety of Ontario residents in proximity to Connaught Laboratories and the possible hindrance to the work of the laboratories which might be caused by residential developments nearby. As has been stated before, the procedures employed by Connaught Laboratories Limited are such that there is no cause for concern by local residents. All efforts are being made by Connaught Laboratories to assure that their work is not hindered by residential developments nearby. For these reasons, the Government of Canada does not propose to enter into negotiations with the Ministry of Health of Ontario concerning monitoring residential development in that area at the present time.

Honourable senators, I have a reply to Senator Forsey's question of Thursday, April 24, but because the senator is not in the chamber this evening I shall provide the answer at a later time.

THE HONOURABLE EDGAR E. FOURNIER

FELICITATIONS ON RETURN TO CHAMBER

Senator Perrault: Honourable senators, may I confess that inadvertently I failed to welcome back to the chamber one of our distinguished senators serving with our loyal Opposition, the Honourable Edgar Fournier. We are delighted to see him back again and hope he has fully recovered his health. It is good to see him looking so well.

Senator Flynn: We are very happy to see him back because we need him badly.

Senator Fournier (Madawaska-Restigouche): Honourable senators, I can assure you it is a pleasure to be back.

[Senator Perrault.]

PETROLEUM ADMINISTRATION BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Hays, P.C., seconded by the Honourable Senator Macnaughton, P.C., for the second reading of the Bill C-32, intituled: "An Act to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade". (*Honourable Senator Grosart*).

Senator Grosart: Honourable senators, I ask that you allow this debate, which stands adjourned in my name, to be continued now by Senator Manning, who has expressed a wish to proceed.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Ernest C. Manning: Honourable senators, first of all, I thank Senator Grosart and the house for the opportunity of proceeding with the debate on this bill tonight.

Bill C-32 was explained in considerable detail by Senator Hays, and certainly it ranks among the more important pieces of legislation to be introduced into this present Parliament. It confers on the Government of Canada some very far-reaching powers. It establishes in law the practice of what might properly be described as political price fixing for two of Canada's most important energy resources, oil and natural gas.

We should take note of the fact that this bill does not seek to apply this form of price fixing to the nation's natural resources products as a whole. It does not empower the federal government to regulate the market price of Ontario's mineral production or Quebec's pulpwood or British Columbia's forest products, but rather singles out two commodities, over 80 per cent of which is produced in the provinces of Alberta and Saskatchewan, namely, crude oil and natural gas. It assigns to the Government of Canada, to the federal cabinet, the power of political price fixing with respect to oil and natural gas in the areas of interprovincial and export trading. It does this without regard for the province's ownership of these resources, and its constitutional right to their management and control.

The power for political price fixing conferred by this bill should not be confused with normal price regulation by governmental regulatory bodies such as public utility boards and commissions. In these cases, such tribunals fix prices having regard to the cost of service and a fair return on the capital invested to provide the service. This legislation establishes a policy of price control which is altogether different. Political price fixing is the practice of governments arbitrarily fixing the selling prices of certain products, on the basis of any consideration the government says is for the national good, and therefore in the public interest.

● (2020)

As far as oil prices are concerned, this practice was started by the Arab and other Middle East oil producing states. It was introduced for political reasons. There was,

on the one hand, a desire on the part of the Middle East nations to attain a more prominent role in world affairs, especially as they related to energy resources. There was, in addition, the overriding political desire to bring pressure to bear on the industrialized nations of the Western World, to deny military and economic support to Israel in the Middle East conflict in which the Arab states and Israel were involved.

These were the political reasons that led to the practice of arbitrarily fixing prices for essential energy resources, and fixing those prices on the basis of considerations that had nothing to do with the availability of supply, and nothing to do with the cost of producing the product. The Arab states at the same time resorted to the threat of a marketing boycott of petroleum products as a further means of gaining their political objective.

As a result of the worldwide repercussions that stemmed from that set of circumstances, Canada has embarked on a similar course, except that the political considerations, naturally, are very different.

Honourable senators are aware that the current well-head price for crude oil of \$6.50 a barrel that now prevails in Canada is not a price related to availability of supply, or to the cost of producing the oil. It is an arbitrary price imposed in order to hold domestic oil prices below world market levels, and was part of a government program to protect the consumers of central Canada and the Maritimes from the impact of vastly increased world oil prices.

In conjunction with that decision, the federal government at the same time imposed an export tax on oil going to the United States. That tax was roughly the difference between the arbitrary domestic price and the world market price, and the revenue generated by the tax has been used to subsidize refiners in central Canada and the Maritimes to offset the higher prices of imported oil in order to maintain petroleum products prices at roughly the same level across Canada.

While the \$6.50 a barrel wellhead price was an arbitrary price, it was at least arrived at through a series of discussions between the Government of Canada and the provinces. It would not be incorrect to say that the agreement was reached under the shadow of a threat by the federal government to bring in legislation which would enable it arbitrarily to fix a domestic wellhead price if a satisfactory agreement could not be reached. Bill C-32 provides in law the power to regulate oil and gas prices which the federal government threatened at that time.

One of the serious questions honourable senators and the Canadian people have to consider is whether such legislation is necessary and desirable. Certainly there are many people in this country who will subscribe to the position of the federal government when it says such legislation is necessary. There are three major reasons why this is held to be so.

It is pointed out that world oil prices are no longer fixed in any sense by competition in the market place. This is indeed true. It is argued that since the Arabs introduced political price fixing, all oil prices, on a world-wide scale, have become arbitrary and have been fixed or influenced by considerations that have little, if anything, to do with either availability of supply or cost of production.

In the second place, it is pointed out that the commodities to be regulated by this bill are irreplaceable resources, and the continental supply of these resources is dwindling at a rapid rate while oil and gas consumption is still increasing. We are moving on this continent into a position where there will be a serious shortfall, and unless other forms of energy are developed we will be forced to pay ever-increasing prices for imported petroleum products from the Middle East. For this reason there is a valid argument for the government's intervening in this field, and as part of that intervention taking the power of price regulation in interprovincial and export trade.

In the third place, it is argued that the Government of Canada must be in a position to protect the consumers in the non-oil or gas producing provinces from excessive prices which might be imposed by the governments of the producing provinces. In this regard, Alberta naturally is the province most frequently referred to.

All of these are valid concerns; they are positive reasons advanced to support legislation of this kind. But I would urge upon honourable senators the importance of giving at least equal consideration to the negative aspects involved in legislation of this kind.

One such aspect is the consequences in the field of federal-provincial relations, and on the whole question of national unity in this country. We can all agree that that is a subject of great importance, particularly today when there are deep regional divisions and strong feelings in various regions over what they regard as legitimate grievances and injustices.

● (2030)

The federal government says that this legislation is necessary to strengthen its bargaining position in dealing with the oil-producing and gas-producing provinces. I suppose if a man puts a gun at your head and demands your wallet he could say, "I really don't like carrying this gun around; I would much rather not have it, but it does significantly strengthen my bargaining position when I ask you to hand over your purse." That, in a sense, illustrates the role of this legislation insofar as federal-provincial relations are concerned. What it does is effectively destroy the producing provinces' bargaining position with respect to the marketing of their oil and gas. Therefore, it becomes an open invitation for them to seek redress in other areas of federal-provincial relations. That is one of the serious aspects of legislation of this kind. You cannot take away from any level of government rights and powers they regard as their own and expect them to quietly acquiesce. It becomes an open invitation for them to look to some other area of their relationships with the federal government to seek what they would regard as redress for their grievances.

This bill certainly raises the possibility of very serious and prolonged constitutional confrontation. There is a grey area in the British North America Act with respect to the ownership, development and marketing of resources. The federal government certainly has inescapable national responsibilities and broad constitutional powers to discharge those responsibilities. The argument is advanced that the natural resources of this country really belong to Canada as whole, rather than to the particular provinces in which they are located. This argument has recently

been advanced frequently, especially at the federal level. However, we must keep in mind that before Confederation the original provinces that brought Confederation about had complete control over their resources. Nowhere in the discussions leading to Confederation can anything be found indicating that those provinces gave up, or thought they were giving up, their rights to the ownership and control of the resources which had been theirs before Confederation.

Alberta and Saskatchewan became provinces in the same year, 1905. Twenty-five years later, when the Natural Resources Transfer Agreements were completed between Ottawa and those provinces, it purported to put Alberta and Saskatchewan in the same position with respect to resources as the original provinces that entered Confederation. Certainly there was no thought or intention on the part of Alberta and Saskatchewan, and I do not believe there was any uncertainty with regard to this matter in the minds of the federal authorities that those provinces were giving over any part of their ownership and control of their natural resources. That was the substance of the Natural Resources Transfer Agreements when they transferred resources to the jurisdiction of the provinces, with the exception of certain mineral resources in the national parks and a few other exceptions of that kind.

Under these circumstances it is not hard to see how an impasse can develop between the Government of Canada and the oil and gas producing provinces. Most, if not all, of the oil and gas producing provinces have oil and gas marketing agencies through which these products are required to be marketed. If Alberta declared that it would sell oil only at a price of \$9 or \$10 per barrel, and the federal government, under the provisions of this legislation, set the price of oil for interprovincial trade at \$7 per barrel, what would happen? There would be no place Alberta could sell its oil; that is true. If the federal government would not buy it and would not permit it to be exported it would lead to the absurd position of seeing for how long the province would sit on its oil before it would sell at the federally imposed price.

Such an impasse could become really serious in the field of natural gas, because consumers in other provinces would be in serious trouble if the supply was cut off even briefly. I hope with all my heart these problems will not arise, but I draw your attention to the fact that this type of legislation is an open invitation for such a confrontation. If it occurred it would be disastrous, in my opinion, for this country.

So, when we are considering the advantages and the needs for the federal government to take the kind of powers it is taking in this bill, my plea is that we also take into account the serious negative implications which are inherent in the legislation.

Another very real concern in the Western provinces is the fear that if Ottawa once adopts a policy of political price fixing, the Government of Canada will inevitably be influenced in its price-fixing decisions by the fact that over 12 million Canadians live in the central provinces of Ontario and Quebec, and less than two million in the province of Alberta. Under those circumstances you can understand provincial concern that the federal government, any federal government, in reaching political price-

fixing decisions, will tend to err in the interests of those provinces and regions of Canada on which the government must depend for the majority of its political support. That fear is present in the Western provinces today, and I hope the rest of Canada will not make the mistake of ignoring it, and disregarding the potential danger inherent in it. I believe I am correct in saying, because I am repeating what has been said to me by a considerable number of people in Alberta, that the belief is widespread that if 80 or 85 per cent of the oil and gas resources of Canada were located in the provinces of Ontario and Quebec rather than in the sparsely populated provinces of the West, we would not be debating this type of legislation at all.

Honourable senators, these are the kinds of fears that exist, and again I say Parliament must take these things into account when weighing the pros and cons of legislation such as this.

A further negative factor with respect to this legislation is its almost unavoidable adverse impact on future energy resource development. I am speaking specifically of oil and natural gas. Once the principle of political price fixing is adopted there is no possible way those engaged in the petroleum and natural gas industry can know what future oil and gas prices will be. You can project price trends if prices are going to be governed by cost of production and availability of supply and conditions in the world market place. But once price fixing becomes a political decision where the judgment made is the result of political considerations—I am using the term political in the broad sense—rather than economic, there is no possible way that industry can know in advance what the price will be next month, six months or a year ahead.

● (2040)

We have all seen what has happened in the last 18 months, how situations can develop in parts of the world remote from Canada, and within the space of weeks profoundly affect prices in our part of the world. All these things could influence price-fixing decisions, and if you interject this added uncertainty on top of all the confusion that exists today, it cannot but have an adverse effect on petroleum and natural gas exploration and development.

Honourable senators are well aware that, if this country is to get into a position where it can remain self-sufficient in oil and gas production, there must be a tremendous program of additional exploration and development. That is not taking place. Most honourable senators saw the recent reports in financial papers to the effect that oil exploration in Canada today is at its lowest point in 23 years, at the very time when it should be at its peak.

The National Energy Board and provincial regulatory authorities have all published statistical data saying, "In five, six or seven years Canada will face a serious shortfall in its supply of petroleum." That has been known now for almost a year. Yet here we are, still permitting the continuation of conditions which have reduced exploration to the lowest point in 23 years.

I will not weary the house by repeating some of the things that I and others have said before on this subject. The situation has resulted from excessive taxation at both federal and provincial levels, from excessive royalties and controversy over royalties between the federal government and the producing provinces, and from uncertainty

and confusion with respect to the extent of government intervention into energy production and marketing. All of those things have created an element of uncertainty and instability which has led to a great many geophysical crews and drilling companies pulling out of Canada. We have lost something like 30 geophysical crews from Alberta in the last year. Figures I saw recently indicated that over 90 drilling rigs had left Alberta and returned to the States or were now operating in the North Sea and in other more attractive areas.

The availability of adequate energy resources is vital to us as an industrialized nation. We are running short, but yet we are permitting the continuation of a set of circumstances which are reducing exploration and development to an alarming degree.

The relationship between those comments and Bill C-32 is that once we establish in law the practice of political price fixing for our two most vital energy resources, we have added another factor which will make it impossible for the industry or investors in the industry to know what the selling price of petroleum products will be at any given time.

The bill refers also to the power to regulate price with respect to export trade. No one can question the authority of the Government of Canada in that field. I make one brief observation. I earnestly hope that in its political price fixing, as it applies to the export trade—in this case this means our trade with the United States, because that is the only place to which we export oil and gas—that the Canadian government will keep in mind the danger, the folly, of isolating those two commodities from the total volume of international trade between our two countries. It has been pointed out in this house that the volume of trade between Canada and the United States is something like \$60 billion a year, and that approximately 60 per cent of all of our exported manufactured products go to the United States. If anything happened to that volume of exports, imagine what it would do to employment opportunities in Canada. The great danger, as I see it, is that because we are dealing here with two export commodities which are becoming in short supply, they are very apt to become segregated from the total volume of trade between our two countries. If unwise decisions are made which, while they may seem desirable with respect to oil and gas, seriously prejudice Canada's interests in this total international trade with the United States, we will be the losers.

If ever there was a time when the government of this country should establish and maintain the closest possible liaison with the Government of the United States, it is now, particularly in this matter of international trade. If we can get representatives of the two governments to sit down together, Canada could say, "Look, we are going to have to cut back on the export of our oil and gas, but maybe there is something else we can do in this total \$60 billion trade package which will minimize the adverse effects on both countries." I am satisfied we would receive a favourable response from the United States to approaches of that kind.

Some discussions are going on right now on whether there could be an exchange of energy between some regions of Canada and the United States. That is an

important matter to consider when long-distance transportation is of concern to both countries. If we can move some western energy to parts of the western states in return for some American energy imports into Eastern Canada, it might be economically advantageous to both Canada and the United States. I am personally very disturbed by what appears to be a great unwillingness, a great reluctance, on the part of the Canadian government to even discuss these possibilities. Any time someone suggests anything like that, immediately the reply is, "Oh, you are talking about a continental energy policy." For some reason or other, that is a bad word and something Canadians shouldn't talk about.

It may well be that in the years to come the best interests of this country will be bound up in this kind of intelligent negotiation with the nation on whom we depend more than any other for our export trade. I am raising this point in the hope that the Leader of the Government will emphasize to his cabinet colleagues, when these matters are under consideration, that Canada's interest can be seriously prejudiced if we insist on singling out oil and gas and treat these products as if they were completely independent of the total \$60 billion of trade on which future jobs and the industrial growth of this country depend to a large degree.

In this matter of control of these two vital energy resources, there is a major government concern which the oil and gas industry must recognize and respect. It is obvious that merely raising the wellhead price of crude oil or gas under present circumstances will not provide the additional exploration we so desperately need, unless there are major adjustments in the present tax and royalty structure, and a great deal of clarification of the degree of government intervention in the industry in the days ahead. If we start with satisfactory tax and royalty adjustments, then much of any increase in the wellhead price, instead of going into the treasuries of the federal or provincial governments, would be available to industry for exploration development. The concern of governments at that point would be how to guarantee that the additional revenue would actually go into exploration and development, and not simply amount to a windfall profit for the oil and gas companies. The industry has to recognize the legitimate concern of the Canadian people, as well as the federal and provincial governments, in that respect.

● (2050)

I am afraid there will be a great inclination on the part of governments, both federal and provincial, to want to be the bankers for any fund represented by the increase in wellhead price that should go into exploration and development. I suggest, honourable senators, that such a policy would be a very unwise and a very serious mistake, for it would add still further to the present uncertainties. Political decisions with respect to how exploration and development funds are going to be used would be detrimental in the extreme, but we are going to find a great deal of pressure exerted by socialistic-minded mandarins in government to get governments directly involved in the field of exploration and development, leading to outright government ownership and control. My own conviction is that if we ever adopt such a course, it will result in even

more disastrous shortfalls in energy supplies in the future. Such a course would almost guarantee that result.

It will be necessary for governments and industry to get together and develop a formula acceptable to the federal and provincial governments, and to the industry, whereby the revenue generated by an increased wellhead price will go back into exploration and development.

There is no easy solution to that problem, no simple formula, but it is my hope, if this bill is passed, that before the government starts exercising its powers of political price fixing, it will move in the direction of meaningful consultation with the provinces and the industry, to develop a practical formula whereby revenue generated by an increase in the price will be used for further resource development, instead of going into government treasuries or in excess profits to the industry. Such a formula could ensure the additional exploration and development necessary to safeguard the interests of the Canadian people in the years ahead.

It is my hope that this bill will be referred to committee, where the negative as well as the positive aspects will be examined with competent witnesses able to answer the many questions that arise when we are considering an issue as serious as this. I hope both the committee and the government itself will keep in mind that the most urgent requirement in the interests of Canadian consumers is to create in Canada a set of conditions that will stimulate and encourage large scale development of additional new energy resources which, above all else, is the key to adequate future supplies for the Canadian people, and the availability of those supplies at reasonable prices.

Hon. Raymond J. Perrault: Honourable senators, I had not planned to speak this evening on Bill C-32. However, some of the remarks made by Senator Manning prompt me to enter at least a partial reply on the part of the government.

I regret very much that Senator Manning has found it necessary to use inflammatory phrases such as "political price fixing." He talked in terms of the "raw power of political price fixing" by the federal government. We then heard what I felt to be one of the most divisive statements I have heard for some time, which was, "We would not be debating this measure that we have before us tonight if the oil were located in Ontario and Quebec." I do not think that is a responsible statement for any honourable senator to make.

Senator Grosart: Come on!

Senator Perrault: What is at stake in this measure, and what prompts this measure, is the wish of a few oil-producing countries, located primarily in the Middle East, for political reasons to increase oil prices to inordinate levels—levels which are not the product of the free operation of the market economy, and not the product of the free enterprise system, but are very much the product of international political price fixing.

The question before us—and the question has been before us for weeks and months—is: Should Canadian oil prices be determined by real political price fixing on the international market? Should the political objectives of the oil-producing nations of this world dictate what Canadian prices shall be? Should the whims of those with

[Senator Manning.]

political motives of their own determine how much it shall cost to heat Canadian homes and run the automobiles of Canada, whether in Alberta, Ontario, Quebec, the Maritimes, the Prairies, Newfoundland or British Columbia?

To drag the red herring of "discrimination" into our consideration of the bill is not really contributing to the debate. I happen to be a Westerner like Senator Manning, and I can tell you that if we ever faced the situation where some vital mineral commodity was being used for blackmail purposes on the world market, if we ever had a situation where a cabal of lumber-producing nations were to drive the world price of lumber beyond sense or reason, I would expect the Government of Canada to take precisely the same kind of action to assure fair domestic prices, because Canadians do not have to be blackmailed for any reason. Would any Canadian government stand idly by and see some outside conspiracy determine that we should increase our domestic price on lumber four or five times? Of course not.

The commodities which are being used in this international game, in this case, happen to be natural gas and oil. That is why the government proposes the action contemplated in this bill.

Clause 49 of this measure states:

The purpose of this Part is to provide legislative authority for measures that will, so far as may be practicable, enable the Government of Canada

(a) to achieve a uniform price, exclusive of transportation and service costs, for gas used in Canada outside its province of production—

Will anyone dispute that objective?

Senator Grosart: Senator Manning did not dispute it. He agreed with it.

Senator Perrault: Continuing:

(b) to achieve a balance in Canada between the interests of consumers and producers in Canada—

Does anyone dispute that?

Senator Grosart: Senator Manning agreed with it.

Senator Perrault: He agreed with certain parts of the legislation, but other statements he made are not compatible with the spirit of agreement.

(c) to protect consumers in Canada from instability of prices for gas and to preserve a reasonable balance between the prices of alternative fuels in Canada—

Is anyone going to object to that?

(d) to encourage the discovery, development and production of a supply of gas adequate to the self-sufficiency of Canada.

These are the objectives, and no right thinking person can dispute those objectives.

● (2100)

The picture given us tonight by Senator Manning is that of a government determined to impose, as he says, through "raw political power," price fixing. Perhaps he has not read the bill. Clause 22 provides:

(1) With the approval of the Governor in Council, the Minister may enter into an agreement with the

government of a producer-province for the purpose of establishing mutually acceptable prices for the various qualities and kinds of crude oil produced, extracted or recovered in that province during such period as may be agreed upon and for other purposes considered expedient to carry out the purpose of this Part.

(2) An agreement for the purpose of this Part need not be expressed in any formal document executed on behalf of the parties thereto if the expression of that agreement is contained in reciprocal orders in council issued by the governments concerned.

That is not my definition of "raw political power."

Senator Manning: Read the rest of it.

Senator Grosart: Read Part III.

Senator Perrault: I have read the measure. Of course, the federal government would have to take action in case there is an impasse, but it is exactly and precisely the same kind of power that would have to be exercised by any responsible government where the common good is at stake.

I recall that a few years ago, when Senator Manning was Premier of Alberta, different arguments were invoked with respect to oil pricing. The appeal to the nation was somewhat different then. The appeal to the nation then was: "We know that international oil is cheaper than Alberta oil, but you have to help the Alberta oil industry, and we want access to the eastern markets, even though eastern Canadians may have to pay more for western oil." That was the argument invoked then by Senator Manning when he was Premier of Alberta. Apparently, in his view, there was a different national duty and responsibility at that time on the people in Quebec and Ontario, to whom he has referred tonight. There was a duty, for the sake of national unity, to pay more for Alberta oil to encourage western industry, and Ontario and Quebec cooperated. I say this as a Westerner, a Westerner not always happy about the actions of successive federal governments, a Westerner who believes that the West has not always been understood by federal governments.

Senator Manning: Would the honourable senator permit a question?

Senator Perrault: Yes.

Senator Manning: Can you tell me when the people of Canada ever paid more for oil from Western Canada than what they would have paid for imported oil?

Senator Perrault: There was a time in the history of oil production in this country—and I would be glad to produce the figures in this chamber—

Senator Manning: I would be glad to see them.

Senator Perrault: There was a time when offshore crude oil was less expensive than the Alberta product. That is a matter of record.

No one has ever been completely happy with the working of Confederation. At times my friends in Newfoundland have felt the same sense of grievance that we in the West have felt. Quebec has felt somewhat like that, and Ontario has had its sense of grievance as well. Surely, though, Confederation is a great experiment in accommodating one another's problems so far as that can be

done. It represents a compromise. We do not find perfection in Confederation, but when it is suggested in this chamber that the people of Ontario and Quebec, or of any other province, would be getting a different deal, I think it is fair to say that history does not bear that out. I do not think that basically it is true. As a Westerner, despite our problems, I think we have made a great deal of progress in Western Canada since Confederation.

Alberta today probably has the highest standard of living of any province in Canada, despite the problems it says it has experienced with federal governments. There are some marvellous people there, and they contribute a great deal to federal revenues. However, I find it difficult to accept, as we were told tonight, that because Alberta oil apparently cannot be sold in Canada at higher world market prices that somehow this is wrong and discriminatory, when just a few years ago, when it was felt necessary to sell more Alberta oil, contrary arguments were employed.

The measure before us does not propose unilateral action by the federal government to dictate prices. Clause 50, which refers to natural gas, says:

With the approval of the Governor in Council, the minister may enter into an agreement with the government of a producer-province for the purpose of establishing mutually acceptable prices for the various kinds of gas produced, extracted, recovered or manufactured in that province during such period as may be agreed upon and for other purposes considered expedient to carry out the purpose of this Part.

So, the suggestion is consultation.

One of the continuing problems as far as oil and natural gas production is concerned, as this bill points out, is to promote good levels of exploration. Senator Manning is perfectly correct when he says that there have to be incentives for the companies to continue their exploration, and government must not take all the revenues that come from increased wellhead prices. There have to be opportunities for fair taxation.

Some provincial governments, as honourable senators are aware, have gone considerably beyond the idea of royalties, and under the appellation of "royalties" many other taxes and fees have been established. The whole royalty principle has been so distorted that in some cases it is really tantamount to denying the federal coffers legitimate taxation revenue. We want a fair level of taxation. There have to be reasonable prices, prices which will not be dictated by three or four nations with real political price-fixing motives. There has to be a fair level of profits.

It seems to me that this legislation suggests that reasonable men, sitting down and reasoning together provincially and federally, can work out what is a fair price. This is not the exercise of raw power, and this is not political price fixing. This bill constitutes an effort to provide fair compensation for the companies and for the government, a good standard of supply, and a fair level of price for the consumers of Canada.

On motion of Senator Grosart, debate adjourned.

CULTURAL PROPERTY EXPORT AND IMPORT BILL

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Health, Welfare and Science on Bill C-33, respecting the export from Canada of cultural property and the import into Canada of cultural property illegally exported from foreign states, which was presented on Thursday, May 1.

Hon. Chesley W. Carter: Honourable senators, after I presented the report of the Standing Senate Committee on Health, Welfare and Science on May 1, it was discovered that the wording of amendment number three presented some technical difficulties and required clarification. This amendment has been re-drafted, and Senator Lamontagne, who sponsored Bill C-33 in the Senate, and who also sponsored the amendments in committee, will present the revised version as an amendment to the report. In the course of his presentation Senator Lamontagne will also explain the other amendments.

Hon. Maurice Lamontagne: Honourable senators, as Senator Carter has just said, the Standing Senate Committee on Health, Welfare and Science examined Bill C-33 in detail and made a number of amendments which, if accepted, will certainly improve the legislation.

● (2110)

I now intend to review briefly these amendments, and those who wish to follow this discussion should have a copy of Bill C-33, as well as a copy of the committee report, which appears at page 848 of *Hansard* of Thursday, May 1.

The first two amendments mentioned in this report are related to clause 8, subclauses (2) and (4). They are identical and designed to meet the same purpose. Honourable senators will recall that the customs officer has to refer an application for an export permit to an examiner when this officer feels that the cultural object might be included in the control list. The examiner must then advise the customs officer to issue an export permit when he finds that the object is not on the control list or when he determines that the object is not of outstanding significance and not a significant element of our national heritage.

In both cases, the two subclauses of the bill require the examiner to send a copy of his advice to the Review Board. There is no objection to this procedure. However, when the examiner gives his advice to issue a permit, the Review Board cannot do anything about it under the authority assigned to it by the bill. But the minister, under clause 12, can amend, suspend, cancel or reinstate that permit. In order to be able to exercise this power, we feel that the minister should also be informed when an examiner is sending to the customs officer his advice to issue a permit.

The first two amendments mentioned in the report would ensure that the minister would receive such information directly and immediately rather than through the board.

The third amendment is related to clause 12, which I have just mentioned. We felt that when the minister amends, suspends, cancels or reinstates a permit, he should be required under the law to send a written notice to the holder of the permit. In a subsequent amendment

we have given to the person affected by such a ministerial decision the right to appeal before the Review Board.

Senator Flynn: It is quite obvious, to inform the interested party.

Senator Lamontagne: He was not obliged at all under the legislation.

Senator Flynn: What would have happened had he made a decision and not informed the interested person?

Senator Lamontagne: He might just have notified the customs officer that the permit had been suspended or cancelled. Under the bill, as Senator Flynn will recall, the applicant or the holder of a permit has a certain number of days to make an application before the board, so that he has to be informed as quickly as possible. It is not a major improvement to the bill, but it seemed to us that since we had to amend the bill anyway we might as well improve it in this case.

Senator Flynn: Very good.

Senator Lamontagne: However, the drafting of our third amendment met with some objections from the officials of the Department of Justice. More particularly, they objected to the word "applicant" in our amendment, because when the minister will use his powers under clause 12, the person concerned will not be an applicant any more but will be the holder of a permit. The departmental officials have now submitted a new draft, as Senator Carter has just mentioned, which has been distributed to honourable senators. This new draft would restore the original wording of clause 12 as it appears in the bill, but this original wording would become subclause (1), establishing the power of the minister to intervene in these matters.

Then, according to the wording—again submitted by the officials of the Department of Justice—a new subclause (2) would be added, as follows:

Where the Minister amends, suspends, cancels or reinstates an export permit under subsection (1), he shall forthwith send a written notice to that effect to the person who applied for the permit.

Thus, the second subclause would describe how the minister will exercise the powers conferred upon him by the first subclause, if and when he chooses to use them.

In my view, this new draft accomplishes exactly what the committee had in mind when it approved the third amendment in the report, but in a more satisfactory way, according to the Department of Justice. This is only a technical change.

Honourable senators, at the conclusion of my remarks I will move an amendment to the report of the committee—now that a recent ruling of Her Honour the Speaker clearly enables us to do so—deleting the wording of the third amendment and substituting therefor the new wording.

The fourth amendment in the report is undoubtedly the most important. It is related to paragraphs (a) and (b) in subclause (2) of clause 15. It refers to the composition of the Review Board. As the bill now stands, the minister would be able to appoint only the chairman as an impartial and independent member. All other members would have to be actual members or employees of custodial

institutions, or actual dealers in or collectors of art. In view of the role of the board, these persons could face potential conflicts of interest.

Senator Flynn: Probably.

Senator Lamontagne: Although the committee felt that these persons should not by law be excluded from the board, we came to the conclusion that the basis of selection should be considerably broadened. The amendment would enable the minister to appoint, in addition to the chairman, two other completely impartial members. Moreover, persons who have been but are no longer members or employees of custodial institutions, or who have been but are no longer dealers and collectors, would also be eligible. With these amendments, the board will have a much greater credibility and will be in a much better position to be, and to appear to be, fair in the exercise of its complex functions.

I referred briefly to the fifth and sixth amendments when I discussed the proposed change to clause 12. Clause 23(1) now gives to a person who has been denied an export permit by an examiner a right to appeal before the Review Board. These two amendments to clause 23 would also enable a person whose export permit has been amended or cancelled by the minister to request the board to review such a ministerial decision. In my view this is another improvement designed to protect the rights of individuals.

● (2120)

The last two amendments have the same wording and the same purpose. They are related to subclause (2) of clause 23, and to subsection (4) of clause 26. As the bill now stands, the expression, "unless the circumstances of a particular case require otherwise," which appears in these two subsections, can be construed as enabling the Review Board to refuse to review an application for an export permit, or to refuse to consider a request to determine the fair market price of a cultural object. The committee felt that the board should not under any circumstances have the power to refuse to make such a review, or to consider such a request. These two amendments are designed to make sure that the right of appeal will be fully protected, and that the expression, "unless the circumstances of a particular case require otherwise," will apply only to the extension, hopefully, in exceptional cases, of the maximum time limit within which the board must render its decisions.

I believe that the detailed examination of this bill by the Senate and the committee, and the amendments which I have just explained, will make it a better piece of legislation.

It is reported that Thomas Jefferson once asked George Washington why the United States would need to have a second house; that is, a Senate. Washington replied, "For the same reason that I want a saucer for my coffee—so that the hot legislation can be poured into it to cool before it must be drunk." I do not consider this bill to be really hot legislation, but I believe that we are in the process of cooling it so that it can be more easily drunk.

MOTION IN AMENDMENT ADOPTED

Senator Lamontagne: Honourable senators, before Senator Grosart speaks, perhaps I may be allowed, with

leave, to move an amendment to the report of the committee. I move, seconded by the Honourable Senator Carter:

That the report be amended by striking out amendment number 3 in the report and substituting therefor the following:

"3. Page 7:

Strike out lines 38 to 41, inclusive, and substitute therefor the following:

"12.(1) The Minister may amend, suspend, cancel or reinstate any export permit other than an export permit issued on the direction of the Review Board.

(2) Where the Minister amends, suspends, cancels or reinstates an export permit under subsection (1), he shall forthwith send a written notice to that effect to the person who applied for the permit."

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Lamontagne, P.C., seconded by the Honourable Senator Carter, that the report be amended by striking out amendment number 3 and substituting therefor the following—

Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Allister Grosart: Honourable senators, I am speaking to the amendment proposed by Senator Lamontagne. Having spoken on the bill before, and studied it very thoroughly, I would say that I agree generally with the amendments proposed by the committee, but not entirely with the amendment proposed by Senator Lamontagne. The reason for that is that while this is an extension of the kinds of person who may be appointed to the board, this cooling of the original wording of the bill, as Senator Lamontagne called it, does not, to my mind, cool it quite enough.

Senator Lamontagne: I am sorry. I wonder if Senator Grosart is speaking to the amendment I moved to the report of the committee, relating to the third amendment, or to the fourth amendment contained in the report?

Senator Grosart: I thought I made it very clear. I thought I said that I agreed with the report generally, and was speaking to the amendment proposed by Senator Lamontagne. That is the report that refers to the composition of the board.

Senator Lamontagne: To the fourth amendment?

Senator Grosart: To the amendment, yes.

Senator Flynn: But the question is on this amendment.

Senator Grosart: All right. Let me say, then, that I am speaking to the amendment proposed by Senator Lamontagne. I do not think this changes my remarks. This is the amendment to the committee's amendment number three, and which relates to page 7 of the bill.

What the amendment proposed by Senator Lamontagne does is to give the minister additional powers. I beg your pardon. Senator Lamontagne's proposal refers to the committee's amendment number three. The reason I am perhaps a little confused here is that the way this amendment is worded is not quite in keeping with our rules, which require that the whole sentence should be given.

The third amendment strikes out the words "tion of the Review Board, in which case he shall forthwith send a written notice to that effect to the applicant." This particular amendment was to deal with some doubt, as I understood it, on the part of the officials in the Department of Justice as to whether this person was still the "applicant" or not. To me that is a nit-picking amendment, because really he is still the applicant. He may now have become the holder of a permit, but he is still the applicant.

Now, I should say that I am speaking to the amendments proposed by the committee, and this is in respect to amendment 4, to page 8 of the bill, where the committee has extended the qualifications and categories of persons who may be appointed to this Review Board.

As it now reads, those who may be appointed to this Review Board—and this is perhaps the most important clause in the whole operation of the act—now specifically include those who have been officers, members or employees of art galleries, museums, archives, libraries, or other similar institutions—that is to say, custodial institutions—in Canada, and residents who have been dealers in or collectors of art.

My suggestion is that this should be extended so that the minister can also appoint any resident of Canada competent for the purposes of the act. The reason I say this is that the Review Board is now loaded entirely on the side of those who have a specific interest—a very specific, and perhaps conflicting, interest—in keeping an object of art in Canada. These are persons who have a specific view of this matter, which is not necessarily the view of other residents of Canada. Why should this Review Board be restricted to those people who have a specific interest in this? Normally a Review Board goes beyond this sort of thing. You may want to have a lawyer, a doctor, or an ordinary buyer of these objects of art, and not necessarily a collector. All we have here are professionals, and professional judgment in this field. These people here are all in the same category. There is no provision for a representative of the general public. I do not see any reference here to a representative of consumers of these art objects.

Senator Lamontagne: If I may read our amendment, it refers to the members of the Review Board including the chairman and two other members "who shall be chosen generally from among residents of Canada". That makes three.

Senator Grosart: The chairman and the two original appointees, but the board membership is now increased.

Senator Lamontagne: A maximum of 12.

• (2130)

Senator Grosart: This means there would be only two not in this expert field, and my fear is that the chairman and those two would be from the very same type of grouping. So I would like to see in the amendment some provision for the consumer of these objects to have some

[Senator Grosart.]

voice in this decision that a particular object cannot be exported from Canada except under the conditions of the act—which I shall not go into now because they are quite complex—that is, if no Canadian buyer, institution or otherwise can be found. It seems to me that this board is loaded too heavily with professionals who might have a specific interest in seeing that art object sold, if possible, in Canada at a price lower than it would command in the export market. I am aware of the various qualifications built into the act, so, as I said in speaking to it, one would hope that the effect of the act would not be in any way to decrease the full price the owner of the art object might hope to receive.

As I say, honourable senators, I am still concerned that this board seems to be loaded in favour of professionals, and professionals in this position are not notable for their concern for the public interest—particularly those in the second group. In saying that I am not implying that they have no concern at all for the public interest, but certainly the public interest where a dealer or collector is concerned has a considerably lower priority than some other things might have. My suggestion is that we add to this another category, category (c), from among residents of Canada who will represent the consumer interests in this field.

Senator Lamontagne: Honourable senators, I understand Senator Grosart is not making a formal amendment out of his proposal. I would say that his concern, as I have just indicated, has already been at least partly taken care of in the sense that at least three members will be appointed generally from the Canadian public.

As far as I am concerned, I think it might possibly be dangerous, or at least undesirable, if we were to indicate that a certain category of the general Canadian public should be included or represented on the board, because then the question would be: Why stop at consumers? What is the specific interest of the Canadian consumer in this legislation? Why not business? Why not labour unions? Why not the churches? It seems to me that the provision in the amendment presented by the committee takes care, to a certain extent, of the worry expressed by Senator Grosart.

In addition, we have, as a committee, further broadened the basis of selection. I say that if this amendment carries, the minister will be able to go far beyond the actual dealers and the actual collectors to all those who have been previously associated with the custodial institutions, who are retired or on pension but who have acquired a great interest and experience in this field, and who would be able, I am sure, to serve in a very impartial way, and have a great deal of time at their disposal to devote to this board.

It seems to me that without bringing further categories into this list, which is already complicated, we should leave the minister some discretion. I hope that in exercising that discretion the minister will choose as members of the board as many people as possible who have been, but who are no longer, actually members of custodial institutions and who are not actually dealers or collectors.

Senator Grosart: I would have to say that if that happens it would generally meet my objections. I was using the words "consumer interests" only to indicate the kind of additional categories of Canadians that might be added.

By the way, I wonder if I could ask the sponsor of the amendment for a definition "ex-collector"?

Senator Lamontagne: I suppose that might be a little difficult, but perhaps Senator Grosart might be classified as a former collector in that I understand he does not buy any more.

Senator Carter: Honourable senators, I move, seconded by the Honourable Senator Giguère, that the report, as amended, be now adopted.

Motion agreed to and report, as amended, adopted.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Lamontagne moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BANKRUPTCY AND INSOLVENCY

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY LEGISLATION

Hon. Salter A. Hayden moved pursuant to notice:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the subject matter of the Bill C-60, intituled: "An Act respecting bankruptcy and insolvency," in advance of the said bill coming before the Senate, or any matter relating thereto; and

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

He said: Honourable senators, may I add several words in explanation of this motion. This is not an unusual proceeding; we have been following it for four or five or six years, and we are now receiving some recognition because the Minister of Finance on several occasions has invited the chairman to proceed as soon as he could with consideration of the tax measures. But I had an unusual, and perhaps I should say a different, experience in the last few days. I received a letter from the Department of Consumer and Corporate Affairs, up to the level of parliamentary secretary—

Senator Flynn: That is rather high.

Senator Hayden: Yes, that is moving fairly high. Of course, it depends on how you define it. Your definition may not put it as high, and, of course, you do not know what my definition is. In any event, it has some significance, and I was advised that authority had recently been given by the Cabinet to table the bill in the House of Commons on May 5, which was done. At the same time authority was given by the Cabinet committee to request that the Standing Senate Committee on Banking, Trade and Commerce consider holding hearings on the bill parallel to the proceedings on Bill C-2.

• (2140)

This, of course, is really moving much further ahead, if I am construing the language correctly, and it gives a stronger recognition of the effectiveness in the public interest of the examination that we give to this particular subject matter, in receiving reports, assimilating the views of the public and relating the public interest. I therefore believe that a real service is given by this type of procedure, of which this is just another application.

Hon. Senators: Hear, hear!

Hon. Jacques Flynn: Honourable senators, I am pleased to support Senator Hayden's motion. I believe this has been referred to, especially by my deskmate, as the Hayden formula of considering the subject matter of the bill before it reaches us. We have already followed this procedure in respect of three bills during the current session—the Canadian Business Corporations bill, the Income Tax bill, and the Combines bill, the study of which I understand has not yet been completed. Therefore, this is the fourth bill the subject matter of which we will consider in advance of the bill's coming to us.

Senator Hayden: That is correct.

Senator Flynn: I have looked at this bill, and its explanatory documents and background papers. The Bankruptcy and Insolvency bill consists of approximately 224 pages, and is quite extensive. The proposals contained in it represent a substantial revamping of our bankruptcy and insolvency legislation. There is no doubt that this requires substantial scrutiny by Parliament, and there is also no doubt that the Senate is well suited to do that. I support the motion.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 14, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

LABOUR CONDITIONS

STRIKE OF LONGSHOREMEN IN QUEBEC—BACK-TO-WORK LEGISLATION

Senator Perrault: Honourable senators, last night the Leader of the Opposition asked whether the Minister of Justice was considering continuing with charges against the longshoremen at St. Lawrence River ports for not returning to work after Parliament passed legislation ordering them to do so.

The Minister of Justice, the Honourable Otto Lang, has stated that he would not consider prosecutions either under the Labour Code or the Criminal Code of St. Lawrence longshoremen if the men returned to work and complied with the order of Justice Deschênes, which they appear to have done. Of course, if the men did not comply with that return to work order, the minister would have to review the situation in the light of new circumstances.

QUEBEC OFFICIAL LANGUAGE ACT

DECISION OF FEDERAL GOVERNMENT ON PETITION— QUESTIONS ANSWERED

Senator Perrault: Honourable senators, on Thursday, April 24, Senator Forsey, who unfortunately is not with us this afternoon because of illness, asked a question, the first part of which reads:

Has the government made any decision in regard to the petition of the Quebec Association of Protestant School Boards and other interested citizens, submitted on February 17 last, for a reference of the Quebec Official Language Act to the Supreme Court of Canada, or alternatively for the disallowance of the said act by the Governor General in Council?

The answer is that the federal government is not disposed to bring the matter of the Quebec Official Language Act before the Supreme Court of Canada.

The second part of Senator Forsey's question was:

If not, when may such a decision be expected?

Senator Croll: You have answered it now.

Senator Perrault: Yes, the second part of that question appears to have been answered during my initial reply, but may I say additionally that the alternative to disallowance will be considered in detail by the Cabinet in the next one to two months.

Senator Choquette: A group of devoted citizens headed by Mr. Scott, I think, who was at one time Dean of the Law Faculty of McGill, is disputing that and taking the case to the Supreme Court of Canada. Am I mistaken?

Senator Croll: No, that is correct.

Senator Choquette: That was not really a question but a statement, but I now wish to put a question. When that case brought by the group headed by Mr. Scott is heard, will the federal government be represented? You might take the question as notice.

Senator Perrault: I will take it as notice and attempt to obtain further information. Whether or not a test of this particular measure does go to the Supreme Court, obviously the government will consider the alternative of disallowance in some detail.

Senator Flynn: May I suggest, as Senator Choquette did on a previous occasion, that you cross that bridge when you come to it.

CULTURAL PROPERTY EXPORT AND IMPORT BILL

THIRD READING

Senator Carter moved the third reading of Bill C-33, respecting the export from Canada of cultural property and the import into Canada of cultural property illegally exported from foreign states.

Motion agreed to and bill, as amended, read third time and passed.

● (1410)

PETROLEUM ADMINISTRATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Hays for second reading of Bill C-32 to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade.

Hon. Allister Grosart: Honourable senators, the bill before us has a long and involved history. Its predecessor was Bill C-18, which was introduced in the House of Commons as long ago as April 2 of last year. That bill provided for many of the current solutions to this problem which have been incorporated in this bill. However, there have been additional provisions and these have become the subject of what I would call rather bitter controversy.

After Bill C-18 appeared on the Order Paper, there were some very serious attempts on the part of the federal government and the provinces to reach agreement on the manner in which the problems arising out of the worldwide petroleum emergency crisis had developed. It appeared for a while as though these negotiations were very successful. Honourable senators will recall that recently the Prime Minister and the premiers got together

and reached substantial agreement. That result was hailed as one of those instances in the long history of federal-provincial relations when statesmanship had prevailed and we had appeared to find a way to solve some of these very difficult problems by consultation and negotiation.

Subsequently, however, disagreements arose on various matters in relation to the subject matter of this bill. The government has now decided to introduce Bill C-32, the purposes of which are, first of all, to provide as far as possible a uniform consumer price for petroleum products in Canada, with the one exception of the addition of transportation costs from the source of the product as they apply from province to province.

The purposes of this bill are also to provide statutory authorization for certain measures that have been taken in the interim period, such as the decision announced in the last budget in March to make it impossible for provincial royalties, paid to the provincial government in respect of oil and gas, to be deducted from corporate federal income tax. This has caused a great deal of controversy and we are told that the issue will not be resolved finally until it is taken to the courts for a decision as to the constitutionality of this measure. It is described by those who oppose it as a federal tax on provincial taxes. I am not saying that is what it is. That is no doubt a matter that the courts will decide, since one province has said it will refer this bill to the courts as soon as it is proclaimed.

The main complication we find in the bill, of course, is that it contains some of the major components of what may be a national oil policy. Other bills provide different components of this. I have in mind other government measures such as the one I have referred to, and other acts such as the one already before the House of Commons dealing with the control of what is called "frontier oil", that is, oil in the Northwest Territories, where the federal authority is much clearer than it is in the provinces. There are such measures also as the National Energy Board Allocation Act, which takes over certain of the powers formerly administered by the Department of Energy, Mines and Resources, and sets them up to be administered by a more or less independent board. There are also other acts on the way which will presumably fill out what is called the national energy policy.

The bill itself, as I have said, is complicated and controversial. It is of great interest, of course, to consumers generally. This becomes very plain when we realize the extent of the distribution of the use of petroleum products based on fuel consumption across Canada. Automobile users use 31 per cent, air transport 3 per cent, bunker oil used in shipping and heavy industry 20 per cent, heating oil 22 per cent, oil industry consumption 7 per cent, diesel fuels used in buses and trucks 9 per cent, and other uses such as plastics and petroleum based products, 8 per cent, making up to 100 per cent. So the consumers of Canada have a very vital interest in the bill, its efficacy and its possible spin-offs.

Indicating the importance that parliamentarians attach to the bill, I might say that there were no fewer than 26 speeches in the House of Commons chamber, and I have counted 126 speeches or interventions by members of Parliament that were made when the bill was in Committee of the Whole.

When I speak on this bill I need hardly say that I speak not as a Westerner, not by any means as a dedicated federal centralist, and certainly not as an expert on energy, oil or gas; however, there are many aspects of this bill, in addition to the complicated technical aspects, which are and must be of very general interest. Perhaps the most important of these aspects is that the bill puts the whole question once again smack in the middle of that most persistent of all Canadian problems, federal-provincial relations. This, of course, is why it is a controversial bill.

I think the controversy stems, most of all, from disappointment that the agreement which seemed to have been reached by the federal government and the provinces on a temporary basis has not been made permanent. In the event, the federal government has made what was a temporary arrangement, which was more or less incorporated in Bill C-18, into a permanent statute, and from this, of course, derives some of the dissatisfaction, even the bitterness, that has been expressed by some who oppose the bill, particularly premiers and others representing the two provinces concerned, although it is fair to say that Alberta, by and large, is the province most concerned.

The high hopes that were engendered by that temporary situation have now been dashed to the ground, and the question is: is this bill responsible for that break-up? I am not going to argue today that it is, but I am going to raise the question as to whether this whole matter might not have been handled in a better way. The controversy has been deepened by the fact that negotiations are continuing. This is specifically provided for in the bill. I would say that I have never seen a bill before Parliament which went so far out of its way to stress the importance, in the view of the federal authorities, of the continuity of negotiations. That is to its credit.

● (1420)

On the other hand, controversy has arisen over the wisdom, or otherwise, of the federal government's apparently reverting to an old practice, and that is to take into its own hands the power of unilateral decision on the eve of continuing negotiations. I think anybody who has studied the history of federal-provincial relations will agree that that has been an almost persistent device used by the federal government. I do not use the word "device" in any derisive sense; we are dealing here with some obvious devices to carry on the agreement until it could be made statutory or otherwise resolved. We had temporary agreements. The industry, for example, agreed to collect and remit the import tax on which the equalization of consumer price is based. The government itself, in order to expedite the cash flow of these statements, resorted to the old device of Governor General's warrants. I am not criticizing either of those devices, as they are called. I think no one would deny that this is a bill to deal with an emergency. It is not a normal bill. It may be a temporary emergency. No one knows. The emergency, of course, is the fact that in a little over a year the members of OPEC have multiplied the price of oil to world consumers four-fold. Canada was in the fortunate position of being in net balance on oil production and consumption.

Honourable senators are well aware that, on the basis of rough figures, we import about half the petroleum prod-

ucts we use and we export half of what we produce. It may be in the proportion of 60 per cent and 40 per cent. The figures are not always precise.

We were, as I say, in this fortunate position but then a problem arose because most of the available production for national consumption was owned by one province, Alberta, with a 20 per cent element in Saskatchewan. But that province consumed as much as it produced, with some exceptions related to the quality of the crude petroleum. In this situation, of course, one of the objectives of the federal government, and one with which I do not think anybody would quarrel, was to hold down to a reasonable level the domestic price across Canada—not just merely to equalize it but to hold it down to \$6.50 a barrel compared with the U.S. price which, I think, is \$9 per barrel, and the international price which is \$11 or \$12 per barrel. As I have said, I do not think that anybody could quarrel with that objective, but it has raised some serious questions. Is this the right price? What is being done with the windfall? Obviously there is a very great windfall both to the federal government and to the provincial governments concerned—a windfall to both federal and provincial revenues. If the price at \$6.50 a barrel yields the tremendous surplus that it is said to yield, then is this a fair price? That is part of the controversy and I am not going to enter into this controversy in those terms at all. But a major question arises out of this. Is this the kind of price level which will perform the most essential service, next to consumer protection, that is required from this national windfall based on oil self-sufficiency? Is this the price which will make it possible for exploration to continue so that after nine years—which is one of the present projections—we will remain self-sufficient?

One of the things that bothers me about this bill and the discussions that have gone on is that nowhere have I seen any suggestion that any government would fully provide for this continued exploration. I say fully provide; it is quite true that both the provincial and federal governments have made moves in this direction. However, it would seem to me that an essential ingredient of the decision as to what is a fair price for Canadians to pay for a provincial resource is that which will continue Canadian self-sufficiency. No such suggestion is built into the bill. I am not saying that is the way it should have been done, but I would like to hear, perhaps in committee, some explanation of why this \$6.50 price, which appears to be the price for the time being at least, was agreed on. This may change, of course, but I have seen no discussion of a formal relationship being made between the price that is agreed upon and imposed by the federal government in this very important matter of continued funds for exploration. It may be very difficult to determine what percentage, or what dollar part of the price, should be set aside, but surely it is not beyond the competence of our governments and our technologists to come up with a figure which will assure Canadians that, other things being equal, our potential resources coming through, Canadians will remain self-sufficient eight or nine years from now.

I must say that, although I may be somewhat critical of the attitude of the government in this, I am in no way critical of the major objectives in the bill, which are simple principles, providing as follows:

[Senator Grosart.]

(a) to achieve a uniform price, exclusive of transportation costs, for crude oil used in Canada outside its province of production;

(b) to achieve a balance in Canada between the interests of consumers and producers in Canada;

(c) to protect consumers in Canada from instability of prices for petroleum in the international markets;

Those are the objectives of the bill, and I am sure all would agree that they are objectives with which it would be difficult to quarrel.

The bill, incidentally, in one of its five parts, now brings natural gas under the same type of price restraint and controls as petroleum products. It is interesting to note that here again we have the federal government imposing price controls. This is at least the second time this has happened in bills in the last two weeks. I will not say that I am glad to see the federal government moving into that area. There are still some serious questions as to whether it is better to do it piece by piece and pretend it is not being done, or to come out and say that the government has now decided that price controls are necessary across the board. There has been a great deal of discussion on that, and it is fair to say that the Canadian public appeared to decide fairly recently against the imposition of universal, across-the-board price controls. However, the present government, after opposing it, will very likely wind up with exactly that policy. They are well on the way to it in the imposition of these national price controls on these two commodities. Of course, it is the selection of these two commodities for price controls which has, again, caused some of the controversy. Why these two? The fear of some of those who oppose the taking by the federal government to itself the right to unilaterally decide this issue also stems from the fact that there is some fear that this is the thin edge of the wedge of what some call socialism, some call statism, and it is understandable that there may be persons, industries and provinces which have some fear that this may be just the start. If these two commodities—Senator Manning pointed this out yesterday—why not others? Why stop at these two? What about other components of our energy? What about coal, hydro, nuclear power? It is said that this is a special emergency case. But it is very easy to see where similar emergencies might arise. One would wonder if this policy is to be extended, and to consider what the consequences might be.

● (1430)

Honourable senators might say, "Well, it would be different in the other provinces." Nuclear power might be an example of a case where there might not be this great difference. In the case of Ontario, for example, the province now leads the world in the percentage of its total electrical energy requirements being provided by nuclear reactors. The figure is said to be somewhere between 15 per cent and 18 per cent. I do not think that any similar area in the world, high electrical energy users, would come anywhere near that. The figure of 10 per cent would be the highest one might find anywhere else. Is it possible that some other province would claim the right to share this? On what basis? The basis might well be that the taxpayers of Canada generally have invested at least \$1 billion in the particular type of reactor which has been found to be so

successful, namely, the CANDU reactor. For over 20 years there have been annual grants to Atomic Energy of Canada to produce this now very excellent reactor. Would some other province in an emergency have the right to claim a share of that action, that resource—which is what it is—because of the very large contribution from public funds to its success?

The federal government, despite those very high objectives, very laudable objectives, appears to have dragged its feet, particularly on one of the solutions to this problem, which is the extension of the oil pipeline from Sarnia to Montreal. It is well over a year since the Prime Minister said that Canada was going ahead with it. It is still being argued about. Certainly, had that pipeline been started when it could have been, we would now have less of a problem in respect to the price of imported oil and gas in the eastern part of the country.

Senator Lamontagne: It might have been started in 1958.

Senator Grosart: Senator Lamontagne has made the excellent suggestion that it might have been started in 1958. That was when Canada, for a short period, enjoyed a great vision, one from which we are all now benefiting greatly. Unfortunately that particular subject was not, so far as I know, incorporated in the vision, but it is perhaps interesting, because Senator Lamontagne has raised the point, that the National Energy Board and the first national energy policy were very definitely part of that vision, and Canada, Canadians, and the present government are today benefiting from that.

I am not altogether convinced that the national energy policy, as we have it, in these ad hoc decisions and bits and pieces, is as efficacious as that national energy policy proved to be. The Leader of the Government took rather excitable and violent exception to some of the remarks that were made yesterday. He objected strongly to the phrase used by Senator Manning "political price fixing." Actually, I think it is a realistic term.

Senator Perrault: Nonsense.

Senator Grosart: It is. It is political. It is made at the political level. It is price fixing, price controls. Senator Perrault might have been happier had it been called a federal decision to embrace the concept of price controls. Perhaps he would not then object. It is price fixing. Senator Perrault might regard that as a rather drastic term. I was surprised that he got so excited about it. I was also surprised at his excitement over Senator Manning's statement that had this resource situation, the resource ownership, been on the other foot, the federal government might have acted differently.

Senator Manning's statement, as I heard it, was that this was being said. He did not make it as a statement of his own opinion. I would say to the Leader of the Government that if he has not heard it said on the radio or on television, or if he has not read it in the newspapers, then he has not been following the issue as I assumed he had.

Senator Perrault: Do you believe that?

Senator Grosart: No.

Senator Perrault: Of course not!

Senator Grosart: All I am saying is—

Senator Perrault: Then why repeat it?

Senator Grosart: I am saying it is being said. Why not repeat it?

Senator Perrault: Why voice divisive statements like that?

Senator Grosart: I might call this whole bill divisive. I will speak about that in a moment. I repeat, an argument that has been put forward in respect of the bill does not, in my opinion, make either Senator Manning or me liable to any charge of being divisive. I will go a little further. I am trying to point out that the effect of one of the powers of the bill has been to embitter this age-old controversy about federal-provincial relations. Senator Perrault may object to my repeating another statement that has been made. I had not intended to use it until Senator Perrault raised the question. The statement was to the effect that one of the components of this bill—that is, the decision of the federal government to take on itself the right to make a unilateral decision in this matter—was "a brutal exercise of federal bureaucratic power." That was a statement made in the other place—I am not saying it is true—that it was an exercise of federal power and, in the way it was done, an unwise exercise. I am not saying it was an unnecessary exercise of that power, but again, to use a phrase of Senator Manning's which impressed me, it could well be an open invitation to confrontation from the provincial side.

Granting the good objectives in this bill, we have to ask, "Will it in the long run contribute to Canadian unity or Canadian disunity?" That is why it is important that we have these extreme criticisms brought to the attention of the Senate. They may be extreme, they may be wrong, they may be unfair, but they are part of the controversy, part of the fact that now, when we had seemed to reach a statesmanlike conclusion, we have a bitter, bitter controversy.

This raises the question in the minds of some as to whether this is not part of a deliberate policy of centralists in Ottawa to turn back the clock over the years on the gradual increase by judicial decisions and other happenings of the provincial power versus the federal power.

I am not here to argue whether that would be a good or bad thing, but there is a very strong suspicion—such as the cable TV issue which we have before us in another bill—that there is a deliberate attempt on the part of Ottawa bureaucratic centralists to reassert a degree of federal authority in fields where there has been an assumption of exclusive or at least equitably shared provincial authority. This, of course, is one case, because we are dealing with the federal pricing of a product which—no one has disputed this, so far as I know—is provincially owned completely. We are in exactly that area. Of course, I would not be one to argue that a case cannot be made out for effective national sovereignty. That is probably the greatest issue confronting us as Canadians today. I hope we will continue to remain, as we are now, a nation. On the other hand, we all know that there are strong pulls the other way, both in the East and in the West—strong and dangerous pulls surrounding such matters as cable TV, education, foreign relations, and so forth.

● (1440)

It seems to me that the real question we have to put our minds to in connection with this bill is whether or not it will add or subtract, in the long run, from the concept of national unity, not merely as a sentiment but the fact of national unity or national disunity as it faces us.

It is fair to say that from time to time the provinces have not always been united in respect of provincial rights. In this particular case, it is quite obvious that some of those provinces which oppose the bill were, on other occasions, the first to demand federal intervention to protect their rights. There are also those who support the bill who themselves have been, at times, the loudest and most insistent supporters of provincial rights.

The federal government, of course, has always been aware of this. One suspects that its successes over the years in getting its way has been due to an understanding of the concept of "divide and rule." As long as the provinces have been divided, have not been together, the federal position, the centralists' position, has been stronger. Perhaps that is the way the Fathers of Confederation designed it; perhaps it is the best way to have it. I do not know.

Honourable senators, my concern about this bill is that what appeared to be a statesmanlike agreement between the federal government and the provinces has now been turned into a bitter confrontation. I am sure that all honourable senators will agree that it would have been far better if this confrontation could have been avoided. I am not saying how it could have been avoided. I merely repeat that my concern about this bill is that I am not sure whether it is going to contribute or detract from Canadian national unity.

Senator Lamontagne: Honourable senators, I wonder if I might ask a question of Senator Grosart. You maintained throughout your speech that this bill was divisive. I certainly cannot agree with that. Would you consider the federal legislation under the PFRA, initiated in 1935, by which the federal government poured millions and millions of dollars, year after year, into the provinces as divisive legislation?

Senator Flynn: That is the start of a good speech.

Senator Grosart: I would hope I did not give the impression, to quote Senator Lamontagne, that I have maintained throughout my speech that this bill is divisive. If I gave that impression, it was contrary to the impression I intended to give, that being that it may prove to be divisive, which is a different thing.

As to the balance of federal subsidies or expenditures from the public purse in one province or one part of the country or another, I have no opinion as to whether in any particular case the legislation concerned was divisive. Only time will tell whether any particular piece of legislation either contributed or detracted from national unity.

There is some question that some of the regional development policies may not be contributing to national unity. This is the question we have to look at every time this type of legislation comes along. I am not going to be drawn into any argument as to the balance between the amount the federal government has contributed to one province or region of the country as against another.

[Senator Grosart.]

The essence of this bill, of course, is consumer protection, which is an entirely different thing. If Senator Lamontagne wants to discuss whether the contribution of Alberta and Saskatchewan to the national good is too much or too little, that is another question. I am not competent to discuss it. The fact is, at this time Alberta and, to some extent, Saskatchewan are making a contribution back, just as the Prairies and every other part of Canada has contributed back some part of the largesse it has received from the federal government.

On motion of Senator Prowse, debate adjourned.

CRIME AND VIOLENCE

PROPOSED SPECIAL SENATE COMMITTEE— DEBATE ADJOURNED

Hon. Fred A. McGrand moved, pursuant to notice:

That the Senate considers it desirable that a special committee of the Senate be established at an early date to inquire into and report upon crime and violence in contemporary Canadian society.

He said: Honourable senators, we are in the process of debating capital punishment in this chamber, and that debate is centered around the murder of policemen and prison guards. I feel that men of integrity will refuse to serve as policemen unless they receive greater protection and respect from the public. The underworld would be glad to supply us with men recruited from their own ranks, but what would be the result?

Does capital punishment protect policemen or civilians? The evidence is that it does not. In three years time, the question of to hang or not to hang will be debated again in this chamber, and in 1978 we will know no more about crime and its causes than we do today.

It is necessary to carry out a full scale investigation of crime and its causes in Canada. We live beside the most crime-ridden country in the world, the country with the most guns. We know little, too little, about the magnitude of crime and its causes to deal with it effectively at the present time. Our system of crime control is an unplanned product of history.

James Vorenberg, a scientific adviser employed by the Lyndon Johnson Commission on Law Enforcement and Administration of Justice, reported:

We lack even the most essential knowledge about crime. We know very little—much less than most people think and newspaper stories would suggest—about the volume, kinds and effect of crime and who are the perpetrators and who the victims are.

● (1450)

If this is true in the United States it is equally true in Canada. After two lengthy debates on capital punishment, Canadians concluded what was already recognized in most civilized societies, that the death penalty is not a deterrent to murder, and we have ample evidence that lengthy terms in prison are not a deterrent to crime and do not reform a criminal. A four-year prison sentence is to many criminals a four-year postgraduate course in crime. A prison sentence does not reform the prisoner. To be facetious, it merely gives crime a bad name, and the prisoner a criminal record.

The crime rate in the United States increased 17 per cent in the first nine months of 1974. In Canada, a Gallup poll reveals that 55 per cent of women are afraid to walk in the evening on the streets in the area in which they live. Crime is increasing as fast as, if not faster than, inflation or the pollution of our air, soil and water. A serious effort has been made to study and remedy the pollution of our environment and to improve our ecology, but no serious effort has been made to study the causes of crime, the trends of crime and what lies behind them.

Much of it is due to the presence of a culture, the attitude of a family, a group or a tribe who are concerned about morality. If morality is established in such a group, law and order does not need to be enforced. Quakers do not commit crimes of violence or murder. Crime is almost nil among the Mennonites and other social and religious groups. Why? Because these groups are pacifists; they preach peace and they practise it. They abhor violence and they avoid the gun culture. They have a built-in reverence for life and have respect for the dignity of life, and without this respect for life there can be no civilization worth while.

To understand crime and the motivation behind it we must do more than consult lawyers, judges and the police. We must consult those who have investigated what the present human being has inherited from his primitive ancestors, and what he has learned by a study of defects in our civilization.

Dr. Anthony Storr is a physician and psychologist of London, England, and the author of several books on man's normal and abnormal aggression. The first paragraph of the introduction to his book *Human Aggression* reads as follows:

That man is an aggressive creature will hardly be disputed. With the exception of certain rodents no other vertebrate habitually destroys members of his own species. No other animal takes positive pleasure in the exercise of cruelty upon members of his own kind. We generally describe that, the most reprehensive examples of man's cruelty, as brutal and bestial, implying by these adjectives that such behaviour is characteristic of less highly developed animals than ourselves. In truth, however, the extremes of brutal behaviour are confined to man; and there is no parallel in nature to our savage treatment of each other. The sombre fact is that we are the cruelest and most ruthless species that has ever walked the earth; and that, although we may recoil in horror when we read in a newspaper or a history book all the atrocities committed by man, on man, we know in our hearts that each one of us harbours within himself those same savage impulses that lead to murder, to torture and to war.

He comments on the words "brutal" and "bestial" used by so many people to describe what they consider animal-like behaviour in humans. Dr. Storr, and many other researchers who have studied the culture of animal species, came to different conclusions. Eric Fromm, in his recent book *The Anatomy of Human Aggression*, writes on page 4:

However, man differs from the animal by the fact that he is a killer; he is the only primate that kills and tortures members of his own species without any

reason, biological or economic, and who feels satisfaction in doing so.

At page 19 he writes:

Man is the only species that is a mass murderer, the only misfit in his own society. Why should this be so?

Here, honourable senators, I would add that the human female is the only female of any species who deliberately plans and participates in the destruction of her unborn offspring.

It is agreed by most authorities that primitive man was neither cruel nor sadistic. He was a food gatherer and a hunter; he killed to eat, and showed little if any aggression against his neighbours. Cruelty and sadism are by-products of civilization. Most of the worthwhile practices we have in our society are products of civilization on the positive side. Crime, with its cruelty and sadism, is a by-product on the negative side.

What happened to mankind during the period he has been civilized? Only anthropologists and ethologists have the answer. They say that the jungle is an orderly place. They say that it is governed by the cultures of the many species who live there; it is a question of the predator and its prey. They do not destroy their environment, and by some understanding between themselves they control the birthrate when the food supply is low.

Animals are good parents; they provide for their young. The young animal in the group that misbehaves a little is disciplined, but never punished physically. Animal ethologists who have studied the culture of many species of animals state emphatically that cruelty among animals is a myth; cruelty among humans is a grim reality, and the so-called bestial and brutal conduct of some persons is a human, not an animal, phenomenon. The real jungle is made by humans for humans.

It is different in human society. Physical punishment or loss of freedom or death have been the methods used to maintain law and order. The idea of punishment as the law interprets it seems to be that inasmuch as a man has offended society, society must officially offend him. It must be a tit for the tat that he has committed; the tit must be more damaging than the tat. With this tit for tat formula society attempts to make the punishment fit the crime.

Most men and many animals can learn through discipline, never by punishment, because in punishment there is no rapport between the teacher and the pupil. Punishment is given in vengeance, not in justice. Animals which are trained to perform in the service of people are not trained by punishment; they perform best by encouragement and for a reward. Can you imagine a seeing-eye dog at its best if it feared punishment rather than expected reward? Would you expect a juvenile offender at the beginning of a criminal career to be rehabilitated by punishment? He could be taught by discipline that he understands, not by punishment that he resents.

● (1500)

A criminal who received the cat-of-nine-tails three times for crimes he had committed was asked which he preferred, the lash or a short prison sentence. He answered that he would take the lash because it only hurt for three

days, and the scars on his back would heal in a short time; the only ones that remained were the ones in his mind.

In centuries past, witches and heretics were burned at the stake to rid the world of evil. Lunatics were lashed "to beat the devil out of them." These methods all failed—corporal punishment or lack of freedom can do no better now.

A criminologist has pointed out that the discoveries of Sigmund Freud, and other scientists, at the turn of the century, led to new understandings of human behaviour and made a tremendous impact on almost all aspects of human life—all except the law.

Most criminologists agree that there is no preventive value in putting one wretch out of sight. It merely puts his problem out of sight and does nothing to prevent another person with a similar frustration, but with a different problem, from committing the same offence against the same law.

An inmate in a penal institution and an inmate in a mental hospital have much in common. Both groups are confronted with problems, both suffer from frustration, neither group can cope with their problems, both need treatment. But the success in the mental institution is much greater than in the penal one. Mental hospitals are being reduced in size; penal institutions are growing larger. Seventy per cent of patients admitted to mental hospitals are discharged within a few months of admission. Seventy per cent of prisoners receiving penological treatment in jails are doing so for the second, third or fourth time.

In mental hospitals patients get treatment they wish for. In the penal institutions, prisoners get treatment in the form of punishment and against their will. It is the difference between treatment and punishment; treatment leaves no scars, punishment leaves scars, if not on the body then on the mind.

Beyond the thousands who are locked up and relocked up, released and re-arrested, retried and resented, a much larger number of offenders are never detected, never convicted, never treated in any way. They continue to live in that grey area between normal and abnormal behaviour, unnoticed, until they commit a serious offence.

Whenever we discuss crime and criminals, the terms "psychopath" and "psychopathic personality" are part of the discussion. Aggressive psychopaths show in their early years abnormal behaviour in relation both to people close to them and towards society as a whole. They show a disregard for the truth. It is partly the result of an inability to distinguish truth from falsehood, and a tendency to take fantasy for fact. They have no confidence in other people and they lack self-reliance. They do not conform to discipline—punishment makes them worse. About 2 per cent show abnormality in sex chromosomes. About 25 per cent show abnormality in the electrical rhythm of the brain. Most of them come from homes where the golden rule is not observed. They start as sociopaths. Their disabilities increase as they develop emotionally.

No one was ever born a psychopath. Psychopaths are not born, they are made. What chance has a boy in a home where the father is dishonest or too lazy to do an honest day's work, and the mother is a shoplifter; where the

virtues of honesty, thrift and truthfulness are never taught; where everyone watches crime on television; where children never receive paternal love, and where life has no dignity?

These children do not grow up as children from normal homes. In school they are set apart from other children because of their speech, their manners or their clothes. They play on the hot asphalt of the sidewalk in the summer heat, or in the alleys between the houses, and they cannot sleep during the hot summer nights because of noise from the expressways. And what do they learn from the crime programs day and night on television?

During the 1950s when the crime comic made everyday reading for children, Dr. Frederick Wertham, a New York psychiatrist, investigated some twenty murders in the United States, and found that each of them was carried out in detail as described in the latest issue of a crime comic book. If this was the effect of crime comics, what is the effect of crime on television?

An article in the *Globe and Mail* on April 6, 1973 reported on crime in New York City as follows:

On a recent day, thirteen youngsters were being held at Spotford, the city's main children's jail, all accused of murder.

That article did not refer to them as "youths" or "teenagers" but as youngsters. There were thirteen of them in one jail, in one city, in one week, all accused of murder! If anyone were to investigate the background of these children, what would he find in their home life?

For the past ten or fifteen years the battered child syndrome has gradually been gaining public attention. Articles, and even books, are written about the large numbers of children who are maltreated by one or both parents. It is more common than we think.

A few years ago the Society for the Prevention of Cruelty to Children in England investigated 112,000 cases of cruelty by parents to their children, and in 39,000 cases the damage was severe enough that charges were laid against the parents. Another group investigating child abuse researched a family back for the past five generations, and found that severe child abuse had passed from generation to generation. They found that of the 49 children involved in these generations, 42 had been severely abused by their parents.

Harvey Lee Oswald, who murdered President John Kennedy; Sirhan Sirhan, who murdered Robert Kennedy; Earl Ray, who murdered Martin Luther King; and Charles Manson, who was involved in the mass murders in California, were all severely and repeatedly beaten by their parents in early childhood. Children who are robbed of their dignity in early childhood by parents or teachers never have confidence in their home or society that the school represents.

The problem of child abuse comes up frequently. It is estimated that deaths due to child abuse in Britain number from 500 to 700 each year. That is only the tip of the iceberg. Apart from the bodily damage, think of the thousands who are emotionally damaged, mentally deranged and socially disoriented, and who show up in later years as mentally and socially damaged candidates for mental and penal institutions. And that is the problem

we do not see, and know little about. Not enough research has been done on this problem.

● (1510)

Dr. Edward Lenoski, of the Department of Pediatrics of the University of Southern California, has done some research in this field. He investigated 712 cases of child abuse, and compared them with 500 children treated in the same hospital and who had never been abused. He concluded that the mother who does not see, hear or smell her baby at the time of birth is the one most likely to abuse the child later on. He found ten times as many had been born by Caesarian section; twice as many were premature, and twice as many had complicated births. These circumstances had deprived the mothers of contact and identity at the time of birth by sight, sound and smell. He also found that 91 per cent of the abused children he investigated were not accidental pregnancies, but wanted or planned pregnancies.

Someone in the other place has suggested that we investigate the cause of the battered child. Others suggest an investigation into vandalism, and still others want to investigate increases in the crime of rape. Some want to study the increase in the number of abortions. Why do a piecemeal investigation? Why not investigate the causes of, and the trends in, crime? I do not think we can go back to primitive man, who was a food gatherer and hunter, and who was neither cruel nor sadistic; but as man became civilized he left evidence along the trail, and it should not be difficult to identify.

It is usual for society to protect itself against what it most fears. We fear cancer and spend millions on research. We fear heart disease and spend millions on cardiac research. We spend millions on research on organ transplants, and millions are spent in researching physical ailments. We fear crime, we hang or punish criminals, yet spend next to nothing on research into the causes of crime. The truth is that we know less about crime than we do about cancer. We do not try to find the causes, because we think we have the answer, and we think that that answer is punishment.

In our western civilization there have been more laws passed for the protection of property than to protect people. At one time there were over 200 crimes that called for the death penalty, and most of them were for the protection of property. That is easy to understand, since a very small minority of the population owned most of the property and they made the laws. The majority of the population owned no property; they owned their lives, and lives were expendable.

Some years ago the body of a Toronto nurse was found on the banks of the Saint John River, a few miles below Fredericton. She had left Toronto in her car on her way to Halifax, accompanied by an unidentified male passenger who wanted a ride to Nova Scotia. Several months later the body of a young woman was found in a gravel pit near a northern Ontario town. Someone was able to identify the car seen at the gravel pit near the time of the murder, and its driver, a casual labourer aged 30, was arrested. The car proved to be the one owned by the nurse whose body was found on the banks of the Saint John River. This man was convicted and hanged.

It is not logical that a man of 30 could commit two psychopathic thrill murders within a few months, and not show evidence of a psychopathic personality at an earlier age. How could a psychopath go unnoticed for so long a period of time? What about his early childhood? What was his early home life? Was he a battered child? What was his relationship with the children he played with? What was his conduct at the age of 10? What were his frustrations at the age of five?

In 1973 a young man of 21 in the Toronto area came before the court for murder. A lady who knew something of his childhood gave this information: "He was one of two boys, aged three and four, from a broken home, who were placed in separate homes. Each night he cried himself to sleep calling for his brother." What frustrations did he suffer, and how did they affect him?

It is these children who become the future dropouts of our society. Why are these unfortunates not recognized at an early age, before puberty? It is easier to rehabilitate ten such persons at the early stage of their delinquency than to try to rehabilitate one adult.

Infants develop habits early in life. They learn to recognize the mother's voice when they are only a few days old. A child recognizes its mother by sound long before it does by sight, and a rapport and security is established. What about the child who has never developed that rapport and security—the child that left the hospital where it was born and went to an orphanage and into a babble of voices; the child who never knew the familiar face of its mother, never developed confidence in any one person and left the institution a few years later with frustrations and fixations? These are the boys most likely to bully smaller children, set fires, torture pets, and show evidence of unsocial behaviour.

Dr. Nathan Blackman, senior consultant at the Social Maladjustment Clinic at the mental health centre in St. Louis, and his assistant, Dr. Daniel Hellman, made a study of 84 prisoners charged with aggressive crimes, and published their conclusions under the title, *Enuresis, Fire Setting and Cruelty to Animals: a Triad Predictive of Adult Crime*. Dr. Blackman reports that 80 per cent of our criminally violent patients displayed at least two of these symptoms during childhood, and suggest that children who show two of these symptoms should be put under observation.

Professor James T. Mehorter, Professor of Psychology at the Vermont Medical School, has done much research on this subject. In an address delivered some years ago, he discussed "psychopathic personality," "sociopathic personality," and "character neurosis." He described the psychopathic personality as destructive, quarrelsome, sulky, obstinate, defiant, boastful, rebellious, cynical, affectionless, selfish, restless and purposeless. He said:

He lacks a super-ego or conscience, shows a general moral and ethical blunting, and a noticeable lack of sympathy and aesthetic sentiments. Perhaps the most readily observable trait is his lack of sympathy and affection. The pain and suffering of humans and animals does not touch him. Quite the contrary; his behaviour is frequently aggressively cruel. He may take a sadistic pleasure in inflicting pain or seeing pain inflicted.

The message in Professor Mehorter's address is as follows:

● (1520)

I often urge my students in mental hygiene to tune their TV's to a boxing bout for a first-hand study of manifest hostility and aggression. I suggest that they ignore the boxers and closely observe the spectators; for here is an almost perfect example of the raw disintegrative emotions at work. I suspect that the spectators at such events as bullfights, chicken fights, dog fights, rodeos, and other decadent pastimes afford an equally interesting study. Of course, these spectators are not all psychopaths, but the basic psychopathic pattern is there; and it is conceivable that a sizable number of the spectators could be diagnosed as pre-psychopathic.

The sentence, "Here is an almost perfect example of the raw disintegrative emotions at work," is the nub of his message.

It is true that many people enjoy seeing pain, suffering or humiliation imposed on someone or something. A few years ago, one of the participants in a scheduled wrestling match in a maritime city was known as a bad man in the ring. A few hours before the match he was interviewed by the news media. He was asked about his career, and was then asked what was his greatest ambition. He promptly replied, "To kill a man in the ring." We all know that this was sales talk for the box office, and it worked. That night, the largest audience in the history of that arena showed up for the bout. They came to learn if his ambition would be realized. Professor Mehorter is right when he suggested to his students that they watch the audience, not the boxers, when they tune in on a boxing match. If Professor Mehorter were to assess the number of gun faddists who roam the countryside with guns, he would consider many of them pre-psychopathic.

Dr. Carl Menninger, a well-known psychiatrist and criminologist, writes as follows:

The inescapable conclusion is that society secretly wants crime, needs crime, and gains definite satisfaction from the present mishandling of it. We condemn crime; we punish offenders for it; but we need it. The crime and punishment ritual is part of our lives. We need crime to wonder at, to enjoy vicariously, to discuss and speculate about and to deplore. We need criminals to identify ourselves with, to secretly envy and to stoutly punish. Criminals represent our alter egos—our bad selves—rejected and projected. They do for us the forbidden, illegal things we wish to do, and like the scapegoat of old, they bear the burden of misplaced guilt and punishment, the iniquities of us all.

That is a sweeping statement coming from a man who has investigated crime and criminals for nearly half a century—a man outstanding in his field.

The moving picture business needs crime and violence to stay in business making murder and horror films. The more horror and sadism, the greater the audience, the greater the profits, the greater the challenge to make a more extreme film.

Early in 1974, a film showing violence and racial tension was shown in Boston. Three days later, four young blacks

[Senator McGrand.]

poured gasoline on a white woman and set her on fire; and three young whites, two aged thirteen and one aged twelve, poured lighter fluid on an elderly man sleeping in an alleyway and set him on fire. No doubt, the producers of that film will make a story about these burnings as the plot for an even more sadistic film.

The big money in crime is not represented by the little fellow who robs a bank or service station. Big crime is big business. Big violence in professional sport is big business.

Crime and violence has something to do with our western culture. Much of our literature was an outgrowth of Greek, Norse and Celtic mythology, where two-headed and dragon-faced monsters devoured innocent people. Shakespeare's vivid description of some thirty ghastly murders did not help it any.

In 1970, over 60 accidents, some of them fatal, occurred in Los Angeles from children carrying loaded guns in school. In Chicago and Detroit, the murder capitals of the world, boys carry guns in school as a prestige symbol. An eight-year old boy quarrels with his eight-year old companion, pulls a gun and shoots him. A twelve-year old boy shoots his teacher when she criticizes his homework; and a seventeen-year old high school student, who belongs to his school rifle club, attends a rifle practice and then goes berserk, shoots and kills three people and wounds seven others. This youth must have shown psychopathic tendencies. Why was he permitted and encouraged to practise with firearms?

On January 21, 1975, the *Globe and Mail* reported on the address delivered by Dr. Margaret Mead before the World Federation of the Mental Health Secretariat at the University of British Columbia. She discussed the reason why the murder rate in the United States is ten times that of Canada, and puts the blame on guns and the dedication of the American people to the gun culture. It is of interest to note that about 18 months ago the National Advisory Commission on Criminal Justice Standards and Goals of the United States, composed of former governors, police officials and judges, urged the outright confiscation of hand guns now owned by private individuals.

This is an outgrowth of the American gun culture. It has flourished in North America, and it grew up in the western United States. After Samuel Colt invented the revolver, everyone in the wild west carried a gun. Gunmen became folk heroes, including Buffalo Bill, who boasted that he shot his first Indian at the age of twelve. Outlaws in the west with guns on their hips boasted that God didn't make all men equal, but Mr. Colt did.

New Zealand is a country with few guns. It is one of the countries with a low crime rate. About a year ago I read a report on crime in New Zealand. There are only five persons in New Zealand penitentiaries serving life sentences, and only 27 serving terms of five years or more. Americans tourists, when they visit New Zealand, wonder why they can walk the streets of any city, at any hour of the night, and not be attacked or robbed. New Zealand is fortunate; it is separated from the United States by the broad Pacific Ocean. Canada is less fortunate. It lies beside the most crime-ridden country in the world—the country with the most guns.

There is something awesome about the lethal power of a gun. People fear it and are fascinated by it. On this continent it has become a part of our way of life. Truck drivers in a recent strike in the United States did not hesitate to use heavy rifles to wound or kill other truckers not in agreement with them. They were not criminals, as we recognize them; they regard themselves as respectable citizens, but they wanted to demonstrate that their demands could be met through the power that comes from the muzzle of a gun. And many youngsters, who believe that they are at the lowest level of the pecking order, wish they had a gun to demand satisfaction. There is no doubt that the gun culture is associated with the declining value we put on life.

● (1530)

This chamber is regarded as the place of sober second thought, where Parliament takes a long second look at legislation. I suggest that it take a first serious look at crime and make an in-depth study of crime and its causes in Canada. When I suggest that the Senate appoint a committee to study the causes of crime and expose the origins of crime, I do not mean a committee that will take two or three years to complete its study, and cost half a million dollars. Of course, it will be only an academic discussion. Most things worth while start as academic discussions.

Everyone should know that our penal system is a complete failure, and that punishment is not the answer. We will always have crime, but if the boy with emotional problems is rescued at an early age, before puberty, the crime rate will go down. Many of them will never be first-class citizens, but they will learn to live within the law.

Many investigations of our penal system have taken place in the past 25 years, but the crime rate has gone up, not down. It has been proven that the death penalty does not deter murder, and long prison terms do not reform criminals. No one suggests that prisons should be abolished overnight, because there are prisoners who should not be allowed to circulate freely in society. But prisons could be phased out within one or two generations, and as they are phased out, a better system should be phased in. It is easier to retrain ten young people with criminal tendencies before the age of puberty than it is to retrain one adult. Put the young criminal back in school.

If such an investigation is undertaken by this chamber, we should forget about the lawyers, judges and police. Consult the psychologists, ethologists and anthropologists. They understand human behaviour, past and present. And call in some ex-convicts who have made good—they know what crime is all about.

I want to mention one criminal who made good. Senator Greene mentioned him last Thursday. In 1924 the United States was shocked by the gruesome murder committed by Loeb and Leopold in Chicago. Two wealthy young university students, each with a high I.Q., planned and carried out a thrill murder. They murdered a younger companion. They were defended at the trial by Clarence Darrow. He was not only an able criminal lawyer, but an equally competent psychologist. Anyone who wishes to understand Darrow's knowledge of what makes a criminal should read his address to the jury.

They were found guilty and sentenced to life imprisonment. One refused to submit to the prison routine and was murdered by a fellow prisoner. The other prisoner decided he would rehabilitate himself. He observed all the prison rules and, after many years and many efforts, he was granted parole. And then a new career began. He went to Puerto Rico, where he served for ten years as an X-ray technician, and later as a social worker at the Castaner Hospital. At the age of 55 he returned to school and earned a Master's degree in social work. After graduating, he served four years as research associate and project director in the Department of Health. He spent a year as consulting sociologist to the urban renewal and housing administration, and became chief research associate in the medical school of the university.

There are thousands of inmates in our penitentiaries who should not be there, and would not be there if their problems had been recognized and treated in childhood.

At the beginning of this century, mentally ill people were called lunatics, and the buildings that housed them were called lunatic asylums. Inmates were committed by a magistrate and escorted there in the custody of a policeman. Going to a lunatic asylum was no better and no worse than going to jail, and the inmates ran away every time they got a chance. It is different today. There is a rapport between those who give psychiatric service and those who need it. Many people at social gatherings talk as freely about their psychiatrists as they do about their reducing diets or their horoscopes. Mental illness has lost its stigma. The mentally ill are now part of the human family.

If the young offender is sent back to school and has the proper guidance, in a teacher-pupil relationship in the classroom and workshop, he can develop a better set of values. Many patients who receive care for their emotional problems will keep in touch with mental health clinics, and go for help when they feel there is a need. The day may come when a young person, burdened with frustrations to the point where he feels he may break the law, will approach a clinic of his own volition and ask for help. How can society develop the rapport in the field of delinquency and crime that now exists in the mental health clinics? That is the problem. This is all part of the wide field of mental health. Less than a century ago, inmates of penitentiaries and asylums were referred to as the "legions of the lost." First we must know more about crime and its causes.

Dr. Carl Menninger reviewed the part that Lee Oswald played in the murder of President Kennedy with these words: "Respected and dignified authorities solemnly accumulated volumes of evidence to prove that he, and he alone, did this foul deed. Our part in it is rarely, if ever, mentioned." And then he added, "Perhaps our worst crime is our ignorance of crime." That is why I move that the Senate of Canada carry out an in-depth study of the causes of crime in Canada.

We do know that the United States not only has the most violent television programs in the world, but is the most violent society in the world. In Scandinavian countries, where there is less violence on television and better gun control, the murder rate is only one-tenth of that of the United States. According to an interview with Barry

Crane, published in the *Globe and Mail* on April 5 of this year, there will be more crime on TV. He explained that the reason for more violence on TV is that violent films are the only ones that pay a profit at the box office. He said that last year he produced two non-violent films, and lost money on both.

In the meantime, we live in a cult of violence. Women are no longer safe on the streets, children no longer safe in their own backyards, unborn children are not safe inside their mothers' bodies, and policemen will continue to be killed on duty. If we pretend to make laws concerning criminality, and if we pretend to define the punishment for criminality, then we have a moral obligation to know all we can about criminality.

Senator Greene: May I ask the honourable senator a question? I am sure he does not believe, any more than the rest of us, in any inquisitorial procedure. How is this

committee to be limited in its functions so that it be not a witch-hunt to try and find evidence of crimes? Will it have the ability to subpoena witnesses, which would involve self-incrimination? I think the Star Chamber was abolished in the seventeenth century.

● (1540)

While agreeing wholeheartedly with the honourable senator's motivations, I wonder how, in the broad wording of his motion, he can prevent this from being another witch-hunt to find evidence of crime rather than a medico-socio-economic survey of the reasons.

Senator McGrand: I do not want to make another speech. I think if you read over what I said, and think about it, you will understand it. However, if you do not agree with me this afternoon you will not agree with me tomorrow.

On motion of Senator Petten, debate adjourned.
The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 15, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Orders in Council P.C. 1975-1007 and 1975-1008, both dated May 6, 1975, amending, respectively, Parts I and II of the Schedule to the *Hazardous Products Act*, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

PRIVATE BILL

NATIONAL COMMERCIAL BANK OF CANADA—FIRST READING

Senator Hays presented Bill S-24, to incorporate the National Commercial Bank of Canada.

Bill read first time.

Senator Hays moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, May 20, at 8 o'clock in the evening.

Before the question is put, I should like to outline briefly the work before us for next week, beginning with the committee meetings scheduled. On Tuesday, the Special Joint Committee on Employer-Employee Relations in the Public Service, and the Special Joint Committee on Immigration Policy, will meet at 9.30 a.m. The Standing Senate Committee on Legal and Constitutional Affairs will continue its consideration of Bill S-19 at 11 a.m. and at 2 p.m. The Standing Committee on Standing Rules and Orders will meet at 5 p.m.

On Wednesday morning, at 9.30 there will be a meeting of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-60. The committee will also deal with Bill C-32 should that bill have been referred to it. In the afternoon the Special Joint Committee on Immigration Policy has a meeting scheduled for 3.30. Also at 3.30 p.m. and/or when the Senate rises, the Standing Senate Committee on National Finance will meet to continue its study of the Manpower Estimates. A meeting of the Standing Senate Committee on Transport and Communications on Bill S-5, the Aircraft Registry Bill, has also been called for 5 p.m.

On Thursday morning, the Standing Senate Committee on Foreign Affairs will meet at 9 a.m. to consider Canadian

relations with the United States. The Committee on National Finance will hold another meeting on the Manpower Estimates at 9.30 a.m. The Internal Economy, Budgets and Administration Committee will meet at 11.00 a.m. and the Joint Committee on Regulations and other Statutory Instruments will also meet at 11.00 a.m. In the afternoon, the Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 3.30, and the Special Joint Committee on Immigration Policy has called a meeting for 8 o'clock in the evening.

● (1410)

In the Senate, the bill to incorporate the National Commercial Bank of Canada has been set down for second reading on Tuesday next, and we will, of course, continue with the unfinished items on the Orders of the Day and the inquiries and motions scheduled for next week. In addition, a bill may come to us from the other place.

[Translation]

Hon. Martial Asselin: Concerning the notices, I would like to put a question to the Deputy Leader of the Government. At the request of a number of senators, I believe the notice is being sent to their offices in their home constituencies or cities. Is a copy also sent to our offices here in Ottawa? The leader will readily understand that if the notice is sent from Ottawa on Friday morning to a place like mine, for instance, it seldom gets there on Monday or Tuesday. It gets there on Tuesday evening or Wednesday morning. If the notice is also sent to our offices here, in the Senate, our secretaries can inform us ahead of time.

Senator Langlois: In answer to that question, I know for a fact that the notice is sent to the honourable senators' home address. As for sending another copy to their Ottawa office I do not know. I would, however, call my honourable friend's attention to the fact that the statement is included in Hansard on Thursday of each week, and a copy of it should be on his desk on Monday morning, or Tuesday morning at the latest.

Senator Asselin: I understand, but I say this is not a bad procedure. However, if such notice is sent to the home or business address, it does get there in time. If the same notice were also sent to our office in Ottawa, we might hear of it sooner from our secretary.

Senator Langlois: I shall be pleased to take my honourable friend's request under consideration.

Senator Asselin: This is not a complaint.

Senator Langlois: If the situation can be improved, I will see to it with pleasure.

[English]

Senator Cook: Honourable senators, did I hear the Deputy Leader of the Government say that the Special Joint Committee on Employer-Employee Relations will meet at 9.30 a.m. next Thursday? I thought I heard "9.30

a.m." The meeting is, in fact, scheduled for 3.30, and I want to point out that the Committees Branch has made this mistake before. Last week it was announced in the chamber that a meeting of this committee would be held at 9.30 a.m., whereas it had been scheduled for 3.30 p.m. This erroneous information also appeared in our notice of committee meetings. I was just wondering if it is too much to ask the Committees Branch to get it right.

Senator Lafond: Honourable senators, with all the committee meetings scheduled for next week, I hope that the absolutely chaotic situation that we experienced this morning will not be repeated. Four committees were scheduled to meet either at 9 or 9.30, and problems were encountered in starting both the joint committees and the standing committees. As in the case of Senator Asselin, I am not complaining or criticizing—

Senator Grosart: Why not?

Senator Lafond: —but I think I should draw attention to this situation and suggest that we apply ourselves to it pretty soon so that our committees can function efficiently.

Senator Langlois: I suggest that Senator Bourget, as the coordinator of committee meetings, should comment on this.

Some Hon. Senators: Oh, oh!

Senator Bourget: I can understand why some honourable senators are laughing. A small committee of Senator Cook, Senator Macdonald and myself has been trying for the past two months to achieve some understanding between our committee chairmen. It is very difficult to arrive at a satisfactory agreement, but we are not discouraged and will continue our work to the best of our ability, such as it is. In order to devise a workable system, we must have the support of all honourable senators, and the committee chairmen will have to get together and come to an agreement that will put them on an equal footing.

I fully realize the purpose of Senator Lafond's question. He told me about it yesterday, and I informed him that we are doing our best. I hope with the support of our two leaders, and I know both are anxious to see this problem solved, to arrive at an understanding so that at least by next fall we will have a workable arrangement.

Motion agreed to.

TRANSPORT

CROWSNEST PASS FREIGHT RATES—QUESTION ANSWERED

Senator Perrault: Honourable senators, I have at this time some further replies to questions which were posed earlier.

On Thursday, May 8, the Honourable Senator Argue asked a question with respect to the Crowsnest Pass freight rates. Recently, the Honourable Otto Lang, the minister responsible for the Wheat Board, stated that there will be no change in Crowsnest Pass freight rates unless there is a consensus among farmers for a change in rates. As well, the minister has speculated about alternate forms of assistance to farmers to replace support found in the current freight rates, but these comments were only

[Senator Cook.]

for discussion purposes. I can inform the Senate that Mr. Carl Snavely will be commencing shortly a six-month study with respect to the cost and revenue implications of moving Prairie grains. The study will assist the government, the minister and the farmers in their consideration of this important national issue. However, it should be repeated that unless there is a consensus among farmers in support of a change in rates, no change will be made.

Senator Flynn: May I put a supplementary question to the leader? Since when has the minister responsible for the Wheat Board also been responsible for freight rates? I thought this came under the jurisdiction of the Minister of Transport.

Senator Perrault: The Honourable the Leader of the Opposition is quite correct in his assumption. However, may I say that the opinions received from Mr. Lang reflect the views of the government. However, as I say, the Leader of the Opposition is quite correct in his observation.

ENVIRONMENTAL AFFAIRS

PROTECTION OF COASTAL WATERS FROM RADIO-ACTIVE POLLUTION—QUESTION ANSWERED

Senator Perrault: Honourable senators, the second question to which I have a reply was directed by the Honourable Senator Heath on Thursday, May 8, and it related to foreign nuclear submarines and the protection of West Coast waters. It is the view of the government that the threat of nuclear pollution from American nuclear submarines visiting the nuclear base at Bangor, Washington, is unlikely on the west coast of Vancouver Island. The view is held that American nuclear submarines would pass only through American waters during their passage to the Washington nuclear submarine base, and that the precautions taken to prevent nuclear pollution from this potential source are as rigorous as any safety measures with regard to any nuclear installation.

Of course, if an American submarine wished to pass through Canadian waters, the Canadian government's permission would have to be obtained. The government feels that the best way to prevent nuclear pollution of the kind envisaged by Senator Heath is through multilateral discussions among nations in the nuclear group in order to achieve agreements with respect to the safest and most effective use of nuclear energy.

QUEBEC OFFICIAL LANGUAGE ACT

DECISION OF FEDERAL GOVERNMENT ON PETITION—QUESTION ANSWERED

Senator Perrault: Honourable senators, I now have a reply to the question asked by the Honourable Senator Choquette yesterday afternoon. This is in reply to the honourable senator's supplementary question on the Quebec Official Language Act, as to the federal government's position should an individual or group seek to test the law's validity in the Supreme Court of Canada.

● (1420)

I have been informed that in such event the Minister of Justice would consider the opportunity to be represented, but no decision as yet has been made on this point by the government.

TAX TREATIES

COUNTRIES WITH WHICH CANADA HAS CONCLUDED TREATIES OR CONVENTIONS—FURTHER QUESTION

Senator Grosart: Honourable senators, could I ask a question of the Leader of the Government arising out of a question I asked him on May 6 and his reply on May 8? The question relates to tax treaties or conventions between Canada and certain countries in the matter of double taxation and fiscal evasion. I asked, in effect, with what countries we had such tax treaties or conventions, or with what countries we were negotiating revisions of existing treaties. In reply the Leader of the Government named a total of 38 countries; that is, 38 out of 124 member nations of the United Nations. I wonder if he would follow up his answer and supply the house with information on, first, the names of any countries with which we may have existing treaties in this category but which are not being renegotiated, because he has given me that answer? Secondly, the number of other countries with which we have no such treaties and some indication of the status of Canadians in their relations with those countries with which such treaties or conventions do not exist?

Senator Perrault: I will take that question as notice and will endeavour to obtain the reply as soon as possible. I believe those figures should be readily available.

PETROLEUM ADMINISTRATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Hays for second reading of Bill C-32, to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade.

Hon. J. Harper Prowse: Honourable senators, I rise to speak on this bill because of its importance to Canada. My particular interest in it lies, of course, in the fact that I come from the province of Alberta, which has the major concern as a producing province. It should not be forgotten, however, when we are discussing this question of the producing provinces, that, while Alberta has the appearance of being the major source of oil to which other parts of Canada will look for supplies, the fact is that British Columbia and Saskatchewan have very large supplies of petroleum products, but which, unfortunately, do no more than meet most of their own local needs and leave no net for export. A small amount of oil from Saskatchewan does go into the export market, because it is close to that market, but that is replaced by imports from Alberta. Saskatchewan is not a net exporter; it breaks out even as far as petroleum is concerned, and is an importer as far as natural gas is concerned.

As has been pointed out, this bill gives the Government of Canada the right to set the price, which can be done in one of two ways. One is by agreement by the provinces,

and that is the way which will always be sought first. Failing that, the regulating body, the National Energy Board, will have not only the right and duty but the power to set the price if it cannot be set by agreement. To suggest that this power has been exercised in anticipation and that the provinces have been forced to accept a price with respect to which they were not consulted, as was suggested by the honourable senator from Edmonton, Senator Manning, is to trifle with the facts. The price of \$6.50 a barrel was reached in negotiation with the producing and the consuming provinces. It was reached as a result of meetings that were held, and the Premier of Alberta went home feeling that he had obtained a good price. Of course, a higher price would have been better, but he was satisfied that in the interests of Canadian unity it was not worthwhile risking a fight over a matter of 50 cents on a barrel of oil.

One point that should be kept in mind is that when the oil-producing countries in the Arabian Gulf set their price for oil at around the \$12 mark, they did not do so blindly. It was not as arbitrary a figure, as it might appear. We tend to ask, "How did they decide on that amount of \$12?" The fact of the matter is that the OPEC countries estimated that European consumers in 1967 paid a weighted average price of about \$10.74 per barrel on composite products, and they found the breakdown of that to be: cost of production, 28.5 cents a barrel; cost of refining, 35 cents; tanker freight, 68 cents; storage, handling, distribution, and dealer's margin, \$2.79; oil company net profits, 68.1 cents; indirect and turnover oil taxes in consuming countries, \$5.10; and the revenue of producing countries, 85.3 cents, making a total of \$10.739. They said, "This is what we are now paying at the producing level, so how can the consuming countries object if we say we want to get what they are willing to pay at the present time?" In other words, it was an attempt by those countries to take up the slack in the price which had been taken up by the taxing powers of the consuming nations.

When we say that Alberta is taking a big chunk—which they would hope to take, at least in respect of the \$6.50 that goes to the oil wells—we should not forget that when the product goes, as gasoline, into the oil drums of this province, on the 25 to 30 gallons of gasoline out of every barrel of oil we have to pay, in this province, 20 cents—in Quebec it is 23 cents—by way of local taxes. If we multiply that approximately 25 cents by 25, we find that somewhere between \$5 and \$6 is being taken off consumers in Ontario and Quebec by their own governments, and that is a sum greater than that which the province of Alberta is extracting by way of the royalties it is imposing, and greater than the amount being taken at present by the federal government by way of taxation on exported oil.

Had the federal government not moved into the field of price setting and influenced the price to Canadian consumers by setting an export price in a quick move when these prices suddenly appeared on the horizon—I am speaking of that \$5 or \$10 which is going into the federal treasury to help pay the cost of subsidizing the oil that is being imported for the use of consumers in Eastern Canada—the price across the country would have gone up and we would be paying, for all the oil products we use, a price considerably greater than the price we pay now. It is a

price, I suggest, sufficient to take up the amounts collected in local taxes by the provincial governments of the consuming provinces. At the same time, it would have allowed the large international oil companies to make a "rip off" profit of \$5 a barrel. Instead, that \$5 now goes to keeping prices equitable right across the country.

● (1430)

You can call this "political price fixing" if you want. Senator Manning has suggested that there was something bad about that. One thing that makes it difficult for me to follow his argument, and has for years, is that there seems to be a singular lack of consistency in his thinking on public problems.

For example, the producers of oil in Alberta have been able to sell their oil only to the Interprovincial Pipe Line Company, which carries all of the oil produced in Alberta to customers in the East, or to the Trans Mountain Pipe Line Company, which takes it to Vancouver and from there into the United States. The price of oil is fixed by somebody. I do not know where the competition he talks about is going to come from. Every month estimates are given to the Alberta Conservation Board of the amount of oil that will be required in the next calendar month, and the board then feeds that information back to the oil fields. The result is that the amount of oil produced in the following month will be enough to precisely meet the demand.

How can you say how much oil you will have a market for unless you have settled on the price you are going to pay for it? Over all these years, the Alberta Energy Board has provided the major oil-producing companies with a price-setting mechanism which has left them free to set the price—in this country and elsewhere—at which Alberta crude is being sold in a manner which, had they tried to do it without the intervention of that government authority, would have left them open to prosecution under the Combines Investigation Act.

How the person who made that possible, having worked out that kind of deal with the oil companies, can express shock at the prospect of the Government of Canada accepting the responsibility of seeing that prices are set at a level which will not hurt the consumers of this country, and give the producers as good a deal as is reasonably possible, I am unable to understand.

The fact also remains that in the years following the beginning of the depression, the discovery of oil in Texas opened up a great many fields. There was complete and unfettered competition. As a result, I think the price of oil went down to as low as 10 cents a barrel. They just drilled wells all over the place, and spilled the oil out into the fields. The amount of waste that took place is beyond description. Finally, in order to protect the interests of future generations in that oil, the American government stepped in and put a clamp on it. It set up the FPC, and put controls on production. By so doing, it effectively set prices for crude oil in the United States.

In the 1950s, the Government of the United States imposed an import tax on oil coming into the United States. It set the tax on imported crude at \$1.25 a barrel in order to keep the domestic price up and ensure that the domestic price would encourage the development of further supplies of oil and thus assure the United States of a

secure supply. That certainly amounted to price fixing by the American government, and it was done for purposes of national security for which that government was responsible. No one called that political price fixing in the nasty sense in which that phrase was used in this house the other day.

In the international field some interesting things have happened. Everyone seems to want to blame the oil-producing states for the sudden jump in the world price of oil—and, of course, they certainly had something to do with it. However, whether they were the villains that they are made out to be and were actually responsible for their actions—as it appears they might be—or whether they were the dupes of the large oil companies and the American State Department who, for their own purposes, wanted a higher domestic price to ensure their own supplies, is something we perhaps might give some thought to. It is also strange that the price we finished up with, after the mechanisms for pricing had been diddled with, is certainly the price that has been mentioned by the oil companies for some time as the price they must have if they are to replace, from current discoveries, the oil we consume on a day-by-day basis; the oil which we consume in excess of our capacity to produce. In other words, we still have oil that we can sell at a profit. If we sold it at \$2.50 a barrel we would be all right, because that is what it costs us to find it and bring the wells into production. However, if we are to replace the barrel of oil we burned yesterday with discovery made this year, then that discovery is going to be in an area where the cost of production will run somewhere between \$12 and \$15, and even up to \$20, a barrel.

That this should happen just at a time when the major oil companies are being denied further access to the cheap supplies of oil in the Middle East, because those countries finally became aware of the wealth they are sitting on and decided to put their own price on their oil is something, I suggest, that should be given very careful consideration. I am not sure that the oil companies are setting the prices for their own benefit, but they are perhaps playing a tune that was worked out in combination with the American State Department.

In case you think I am whistling *Dixie* or do not know what I am talking about, I should like to read from page 183 of a book entitled *The Pricing of Crude Oil*, by Taki Rifaï. In case you think the author is just a friend of mine, let me read you his qualifications. These are set out at the back of the book, and are as follows:

Taki Rifaï has worked for over eight years with the Institut Français Du Pétrole (IFP) in various fields that include research, process development and evaluation, industrial economics, feasibility studies, and overall development planning. He has specialized in international petroleum economics with special reference to price structure and pricing policy.

The author was responsible for Middle Eastern affairs in the International Relations Department of the IFP for over five years. He has served occasionally as a UNESCO consultant to a major oil-producing country. He held the position of Economic Advisor to the Libyan Ministry of Petroleum during which time

he witnessed the Libyan revolution of September 1, 1969.

Presently, Dr. Rifai is manager at the Banque Arabe et Internationale d'Investissement, a newly created financial institution that is equally subscribed to by Arab and Western interests.

● (1440)

In other words, he is one of the world authorities. This is what he has to say:

The fruitful coexistence of federal strategic objectives and the majors' professional interests before World War II in the U.S. domestic market was a tactical move on both sides because their interests were complementary. On the other hand, their collusion in international action was a strong and durable one since their interests were quite similar. The intimate imbrication of persons and interests between federal authorities and international majors' management is much deeper and far beyond what the average observer could imagine. French readers would better visualize the intricate situation by reading Claude Julien's *L'Empire américain*. Michel Tanzer has outlined some aspects of the deep-rooted collusion between the federal government and international oil companies outside the United States. Tanzer illustrates this collusion in journalistic style by quoting Washington reporter Jack Anderson in 1967:

The State Department has often taken its policies right out of the executive suites of the oil companies. When Big Oil can't get what it wants in foreign countries, the State Department tries to get it for them. In many countries, the American Embassies function virtually as branch offices for the oil combine... The State Department can be found almost always on the side of the "seven sisters," as the oil giants are known inside the industry.

I could carry on with this. They have the CIA in here too.

The fact of the matter is that every country in the world today recognizes the strategic importance to itself of the price of its energy supplies, and this bill provides the Government of Canada with the machinery by which it can exercise its responsibility in this most important field of endeavour.

The suggestion was made by the former Premier of Alberta, Senator Manning, that this was an unfair discrimination against the producing province of Alberta. Certainly it affects Alberta. It affects British Columbia and Saskatchewan, and it will affect the Northwest Territories. If oil is found off the East Coast, or any other coast of Canada, it will affect those parts of the country as well.

To suggest that oil and petroleum cases can be equated, as the honourable senator suggested, to British Columbia's forest industries or Quebec's pulp operations is again to play loosely with the facts.

Our forest industries and our pulp operations in the various provinces of Canada today are being operated under timber management concessions in place of the old timber berths. I doubt if there is any place, aside from little local cuttings, where major timbering operations are going on, and major forest stands are being depleted, except under licence. The people who are taking the

timber out are required to replace it by new plantings. They are harvesting a crop that is continually replacing itself.

That is not the case with our fossil fuels such as oil, natural gas and coal. Once those have gone it will be millions of years, at least, before they are replaced. We will all be long gone before there can be conditions that will permit that replacement to take place.

I think we should also keep in mind today that in our modern society energy plays a part that was not anticipated when the fathers of this nation endeavoured to bring about Confederation. More and more we are becoming dependent upon supplies of energy. Energy has become so important that I submit the time has long since passed when we can allow any part of the supply to be dependent on the whims of individual producers here and there.

I believe that in the search for oil there certainly has been, and probably will continue to be, a place for those people who are prepared to risk their wealth in hope of an adequate return. I think it is in our interests as a people to see that our pricing policies are ranged so that there will be an incentive for those people to continue to look for their pot of oil at the end of their particular rainbow, confident that if they find it they will be able to exchange it for a pot of gold.

Nobody has suggested we should replace any part of the industry. Nobody has suggested that we should replace the refining part of the industry. Let us leave to the technicians the job they have shown us they are able to do. But they have not been able to assure us of the supply we have a right to expect from them; they have not been able to provide us with the security of price we have a right to expect from them. When they cannot undertake that part of the function, it is perfectly proper, I suggest, for the government to step in and accept the responsibility of seeing to it that we have the means to keep warm in the winter, that we have the means to move from one part of the country to another, and that we have the means to keep the wheels of industry turning. We are going to need the fossil fuels a great deal more in the future.

One of the things we are counting on is uranium for our reactors, for our atomic energy plants, and the Government of Canada did not hesitate to step in, even though Ontario companies and workmen were most involved, when it was thought that some of that might slip from our fingers.

I suggest that what the government is doing by this piece of legislation is only what any reasonably prudent government should do in seeing that steps are taken to ensure that the industrial and social life of this country continues in a manner that its inhabitants have enjoyed in the past.

Honourable senators, that concludes the points I wish to place before you this afternoon. If no one else wishes to speak, I have been requested by Senator Hays to move the adjournment of the debate on his behalf.

On motion of Senator Prowse, for Senator Hays, debate adjourned.

● (1450)

TWO-PRICE WHEAT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Gildas L. Molgat moved the second reading of Bill C-19, to provide for payments in respect of wheat produced and sold in Canada for human consumption in Canada.

He said: Honourable senators, the request for two-price wheat is a long-standing request in Western Canada. It stemmed originally from the fact—not simply the feeling but the fact—that the products purchased by western grain producers were largely purchased on the protected market, and hence at a higher price, in many instances, than what the world price would be, while the grain that they sold was sold on the international free market. The difference between those two meant that the western grain producers were at a disadvantage. Therefore they were demanding, from basically the Canadian consumers, that there ought to be a higher price for grain consumed within Canada for human consumption, as compared to the price that they obtained on the world market.

For some years the international wheat agreement was effective, and while it did not produce a satisfactory price for the grain producers it nevertheless established some benefits. However, in the late 1960s, as a result of immense surpluses across the world, the international wheat agreement ceased to function. So in 1969 the Government of Canada accepted the proposal of two-price wheat, and in the first instance the price of \$1.95½ per bushel, which had been the floor price under the international wheat agreement, was accepted as the price for wheat used in Canada for human consumption. Meanwhile, the world price had dropped to the vicinity of \$1.70. That policy continued until January of 1972, when it was evident that the \$1.95½ was still not sufficient compared to the cost of other products and to the cost of production.

At that time, therefore, the government agreed to a more realistic price of \$3 per bushel, again strictly for wheat used within Canada for human consumption. The policy was that the millers continued to pay the \$1.95½ per bushel, and the federal treasury paid the difference of \$1.04½, so that the producer had a net price of \$3. This carried on for the next year. By the summer of 1973 the whole question of world wheat supply had changed very substantially. World wheat prices began to escalate rapidly, reaching \$5 per bushel and more. Meanwhile, in fairness to the producers, their costs were also increasing very substantially. As a result, the government proposed, in September of 1973, a new seven-year program providing for escalation of prices. A bill was introduced at that time in the other place, but before it could reach second reading and be sent to the Senate, the election intervened and the bill died on the Order Paper. This bill, therefore, replaces that original bill and establishes the two-price wheat system on the seven-year basis.

The bill establishes a new basic floor price of \$3.25 to be paid by millers for Canadian wheat. This is the limit that the millers pay, and the limit that influenced the price of bread, to the extent that wheat is a factor in the price of bread, leaving aside packaging, labour, and all the rest; but

to the extent that wheat is a factor, the price paid by millers is stabilized at \$3.25 per bushel.

Based, then, on the world price, the federal treasury provides a subsidy to the producer based on whatever the world price happens to be at the time, up to a maximum of \$5 per bushel. For example, if the world price is \$4 per bushel, the miller pays \$3.25, the federal treasury pays 75 cents, and the producer gets \$4, the equivalent of the world price. If, however, the world price goes above \$5 per bushel, then the producer is the one who puts in the subsidy, because he gets no more than \$5.

The seven-year agreement therefore provides a basic floor price for the producer of grain, and it also provides a very substantial subsidy affecting the price of bread to the consumer. Somewhat the same structure applies for Durum wheat, although the prices are higher.

At this stage the net effect of this proposed plan is to provide a substantial consumer subsidy. It is estimated that if the millers had to pay the current world price for Canadian wheat, the price of a standard 24-ounce loaf of bread would be higher by about five or six cents. Whereas there may have been a slight subsidy for the producer when the government first introduced the floor price in 1969, the situation for the past two or three years has really been one of the federal treasury subsidizing the consumers. In the light of the long-range agreement covering a seven-year period, and the fact that no one can be sure what the price situation is going to be, the producers at this point have indicated they are reasonably satisfied with this arrangement. They have agreed to it with one proviso, that there be an annual review by the minister and the producers, based on changes in the cost of production. This is a factor we cannot ignore, because there is no question—and those in the house who are engaged in farming operations know this only too well—that costs have been escalating, be it land taxes, fuel, fertilizer or machinery. Cost increases have been very substantial. Nevertheless, at this stage there is what amounts to a very substantial consumer subsidy, which in the light of present food costs is a reasonable action for the government to take.

Bread remains one of the basic food elements in this country, and provides a substantial portion of the diet for those on low incomes. I think it is reasonable that this subsidy should be provided, and I commend the bill to honourable senators.

Hon. Hazen Argue: Honourable senators, I would like to make a few comments on this measure following the comprehensive introduction by Senator Molgat, giving the history of this legislation and some of its possible effects.

As Senator Molgat said, for many years the farmers of Western Canada asked for a two-price system for wheat. They have felt that the price for domestic wheat should be set on a more independent basis than the international price, and that particularly when international prices are very low the Canadian consumer should not expect to benefit from the full measure of those low prices but should be prepared to pay a more realistic domestic price.

● (1500)

What started out as a two-price system to give the farmer some benefit has turned into the present measure

which, to a large extent, is a consumer subsidy. As has been pointed out, from now until July 31, 1980, a floor price for spring wheat is being set at \$3.25 a bushel, and the federal government is prepared to pay the difference between \$3.25 a bushel and the world price to a maximum of \$5.00 a bushel; in other words, it is prepared to pay a subsidy of up to \$1.75 a bushel. When the world price is in excess of \$5 a bushel, the farmer pays a subsidy because he then foregoes the higher world price. The floor price of Durum wheat, which today is selling at something over \$7 a bushel, is \$3.25, and the consumer of macaroni wheat, as we call Durum wheat, gets it for \$5.75 a bushel, and the federal government pays a subsidy of the amount of the market in excess of that sum of \$5 a bushel up to \$7.50 a bushel.

Honourable senators, sometimes I wonder why the Liberal Party, of which I am a member, is so clumsy in its introduction and its proposal of measures like this. They seem accident-prone because they take a good question, a good proposition, and they go part way. They do not go quite all the way, and in not having gone quite all the way, in my judgment they have made very few friends with what they have done.

The farm organizations have been quite critical of this legislation, not so much for what has been done immediately but because they feel that to guarantee them a floor price of \$3.25 a bushel, with costs going up as fast as they are, until 1980—or, in other words, freezing the floor at \$3.25 a bushel until 1980—is not good enough. They feel there should have been in the bill itself, in legislative form, some escalation formula so that farmers would know that if their costs go up this coming year, as they did last year, by 36 per cent, there is going to be some increase in the floor price. The farmers are not going to be any happier with \$3.25 fixed as a floor than senators or members of the House of Commons would have been satisfied with a salary that provided for no escalation whatsoever. I think most people would agree that an escalation of 7 per cent in MPs' and senators' salaries is a pretty modest amount. And I suggest to you that 7 per cent per year between now and 1980 amounts to a lot of money, but the farmers did not get a 7 per cent escalation in this formula.

However, after a great deal of pressure, much controversy and the spending of a lot of time, there was an amendment to this bill now before us. That amendment is the addition of subclause (3) to clause 5, which reads as follows:

(3) The Minister shall, on an annual basis and in consultation with the producers, review the provisions of this Act and all related regulations enacted by the Governor in Council with a view to making such recommendations to the Governor in Council as are appropriate in the light of prevailing costs of production of wheat and returns to producers.

Well, we had a "have regard to" clause in a British-Canadian wheat agreement many years ago, and there was great controversy as to what the "have regard to" clause meant. It meant something, but it did not mean all that much in the final analysis. I would have been much happier, both as a producer and as a senator, if there had been a more specific formula than this clause of intention that has been placed in this bill.

Farmers have already paid for this legislation. It is estimated, taking the amount by which the international price to the farmer was loaded, that since this policy has been put into effect it has cost the farmers of Western Canada some \$55 million. And I do not think that the farmers would object to paying the \$55 million if they saw that in return for having made this contribution to the consumer, the public were prepared to recognize that a floor today may be too low based on increasing costs that will take place within the next few years. I think the farmers and the farm organizations would have given this measure full support, and would have been happy to pay out of their own pockets \$55 million towards keeping stabilized bread prices in the country, provided they could feel that the consumer was in fact standing behind them and was prepared to pay something more in future.

I know of no single commodity in Canada, with the exception of flour and bread, where the price is frozen for the consumer. This ingredient will be frozen over the next few years. It seems to me that wheat has been singled out as the one commodity that is really going to be stabilized—flour going into the bread consumed in Canada—and nothing else. The producers of milk get escalation; it is written into the formula. The producers of almost any other commodity are going to get benefits in the future. So wheat producers would have been much happier if there were a specific formula written into this measure.

On November 30 last the Canadian Federation of Agriculture, represented by Mr. Dobson Lea, the vice-president, said, among other things, to the House of Commons Agriculture Committee:

We regard as satisfactory for 1973 the guaranteed base price of \$3.25 per bushel for wheat, as provided for in the Canadian Wheat Board regulations dated September 11, 1973 and the consumer subsidy to the maximum of \$1.75 per bushel. However, for the current crop year and the following five years, as provided for in the bill, we recommend the bill provide that the guaranteed base price be reviewed and altered annually by the change in the farm inputs price index—

That is, altered by a specific index; when the index goes up, the price must be altered. The bill says that the minister will review it. But then, as I understand it, if there is to be some increase in the price of wheat, there has to be a bill presented to Parliament. The act has to be opened up, and there has to be future parliamentary action. To me this makes it more difficult for the farmers to expect that the floor price will in fact be increased.

The National Farmers Union, represented by Roy Atkinson, the president, had this to say:

We would submit to this Committee and through this Committee to Parliament that it would be an error to proceed with the legislation with a fixed base price. Therefore, we propose to this Committee and through this Committee to Parliament that connected to the base price ought to be an indexing system or an escalator clause that will reflect the increases or the decreases in farmers' cost of production.

In other words, they are prepared to accept a lower floor price if costs go down.

The Palliser Wheat Growers Association, represented by Mr. Walter Nelson, the president, had this to say before the same committee:

● (1510)

We discussed it at a directors' meeting two weeks ago and I tell you what the representative of the wheat growers came up with, a \$4.25 floor. We will take a \$5 ceiling knowing that we are taking 80 cents, 90 cents to \$1 less than the world price by taking \$5, but we feel that the floor is low, a \$4.25 floor, and we would like one of two things, either an escalator clause or a periodic review of the agreement during the life of it.

The Ontario Wheat Producers' Marketing Board, through Mr. Fergus Young, chairman, said:

Our concern basically is tying us into a seven-year agreement on the basis of this program. There is nothing in Bill C-19 that allows any input cost in wheat production. I think that it is quite obvious that we all know in this past year there has been a tremendous increase in the input cost of wheat. This is basically one item we would like to see in Bill C-19, some type of clause whereby it would be open to suggestion possibly from our board to allow us to reap some of this input cost of wheat.

I suggest to honourable senators that really all that stands between this bill's being a moderately good bill and an excellent bill is the type of escalator clause that the farm organizations have requested. This floor price of \$3.25 per bushel exists because it is contained in the bill. However, if there were an escalator clause on the floor price rather than on the government subsidy then, of course, that escalator clause could be included in this bill without there being any charge on the Treasury. It may be that an escalator clause should cover the whole of the range, rather than simply the floor, but it seems to me that honourable senators should consider this bill to see whether there might be in fact such an escalator clause included in it as the farm organizations have requested.

We should determine whether it is reasonable to say to the consumers of bread in Canada that when the farmers' costs of production increase they should be prepared to pay more for flour, in the same way in which they are prepared to pay more for wages when the wage bill in the production of bread increases. The consumers of Canada should not really expect the wheat producers of this country to accept a floor frozen at \$3.25 per bushel until 1980. If such progress could be made, my own personal view is that this would be a much better bill.

Senator Molgat: Would the honourable senator agree, though, that clause 3 does permit the floor to be increased, as well as the federal subsidy?

Senator Argue: Yes, provided it is brought before Parliament. In other words, the government is saying that it is prepared to review it and may then take legislative action, but there is no formula. Knowing governments and the tremendous workload that is before Parliament, and knowing that there is no indexing and no formula, in my opinion it would be much better to say that this will be changed in accordance with a precise formula rather than merely making reference to consideration. I for one am

[Senator Argue.]

pleased that that paragraph has been added to the bill and, in my view, it is a better bill than when it was first introduced. But, my goodness, it took months of deliberation and oceans of work to finally produce this rather small and reluctant step forward. In my opinion, it should have gone much further.

On motion of Senator Macdonald, debate adjourned.

MEXICO

VISIT OF CANADIAN PARLIAMENTARIANS—DEBATE CONCLUDED

The Senate resumed from Thursday, May 1, the debate on the inquiry of Senator Fergusson calling the attention of the Senate to the visit of a delegation of Canadian Parliamentarians to Mexico, 6th to 10th January, 1975.

Hon. Donald Cameron: Honourable senators, during the last two or three years Canada's relations with Mexico have been those of a growing friendship. At the present time the extent of our trade relations with that country are not large in the sense that they are with many other countries. Nevertheless, Mexico is a country of growing importance as far as Canada is concerned. Certainly, as far as tourists are concerned it has a great deal more to offer than many other countries.

It has been my pleasure and privilege to visit Mexico on three occasions. The last time was in September 1974 when, more by good fortune than good management—because of the fact that Senator Fergusson could not be in two places at once and she was in Brussels—I was asked to take her place representing the Government of Canada at the Third Annual Reforma—literally, the opening of a new presidential term—in Mexico. I had an opportunity to visit a good part of that country at that time, and I feel it is a country that Canadians should know more about.

As some of you know, for the last eight years it has been my pleasure and privilege to take groups of Canadian businessmen to visit various parts of the world to develop what I call an outward look. Canadian businessmen are good businessmen, but they have the handicap of living in a country which, by its very size and isolation, does not permit many of them to visit other parts of the world to explore opportunities for expanding trade in both directions. Some years ago the institution with which I have had the pleasure of being associated for 23 years, the Banff School of Advanced Management, recognizing the fact that it is important to Canadian businessmen to get out and see what is happening in other countries and to explore the possibilities for expanding trade, commenced going out on annual trade missions. During the past nine years these missions have taken us to Russia, Czechoslovakia, Germany, Japan, China, Africa, Tanzania and a number of other countries. As a matter of fact, we made a second visit to China two years ago, and plans are under way to organize a third in the spring of 1976. This again is for the reason that we feel it to be vitally important in this day and generation for Canadian businessmen to know at first hand of the opportunities existing for the expansion of trade in both directions between our country and others.

It has been my privilege to be in Mexico on two occasions previous to this year. On each visit I was impressed

by the friendliness of the people, particularly toward Canadians, and what seemed to be an almost universal desire to formulate closer relations with Canadian business. Accordingly, I approached the group with which I am associated, the graduates of the Banff School of Advanced Management, which now make up an organization of some 2,600 senior executives in Canada. I suggested that it might be useful for Canadian businessmen to take a first-hand look at the opportunities in Mexico, which would afford an opportunity to meet the people and to see the country itself. Accordingly, 28 Canadian executives visited Mexico this spring for three weeks, and had the opportunity of meeting Mexican government officials, businessmen, educators and travel industry representatives. We had an intensive short course which enabled us to learn something about this fascinating country.

● (1520)

As honourable senators know, Mexico is one of the oldest civilizations on the North American continent. As one travels about the country and sees some of the ruins going back to the fifteenth century, one realizes that to North Americans Mexico is the cradle of Western civilization. Prior to that, the Aztecs had developed one of the most advanced civilizations in the world. It is fascinating to see examples of that very advanced civilization which are under excavation at the present time.

This spring some 28 Canadian businessmen had an opportunity of spending 16 interesting days in that country, meeting government officials in trade and commerce, and officials in banking and chambers of commerce, educators in the universities, and seeing something of the country.

It was a most interesting visit, and the timing was important because honourable senators will recall that last year a delegation from the Canadian Parliament visited Mexico, from which visit there followed a visit to Canada by Mexican parliamentarians.

There has developed between our two countries a very warm and close relationship, a relationship which offers a great deal of benefit to both countries in the future. The Mexicans are a friendly, talented people, who have a particularly warm spot in their hearts for Canadians.

During a three-week period in April we had the opportunity of visiting a large part of Mexico. We visited the larger business centres and saw something of Mexico's industrial development in petroleum, mining, agriculture, and so on. It was a practical and interesting adventure, out of which I hope will come the means of further cooperation between Canadian and Mexican executives, and between the Canadian and Mexican governments. Certainly there exist all the elements for a closer integration of our common interests.

Mexicans in the past have spoken about the difficulties with which they were faced, because it is a country which up until the last 30 years was exceedingly poor. It was very backward in its development, and it embarked on its industrial development later than most countries in this hemisphere. However, it has more than made up for that period of stagnation. Tremendous progress has been made during the past 30 years, with the result that Mexico City today, a city with a population of approximately nine million people, is one of the most attractive on the North American continent. Mexico City is rich in architecture,

the arts, and tradition. Its tradition goes back to the age of the conquistadors. Mexico is certainly a country well worth visiting and, as I have already said, Canadians receive a particularly warm welcome.

Through the courtesy of the Department of Industry, Trade and Commerce in Mexico, and the Mexican government, and through the courtesy of the Canadian ambassador, Mr. Schwarzmann, and his staff, we had the opportunity of being exposed at first hand to an exchange of ideas and information with the Department of Industry, Trade and Commerce and the chambers of commerce in Mexico City. We also spent some time at the universities and had an unusual opportunity of receiving a compact, condensed, short history of Mexico, its development, and its relations with other countries, particularly Canada.

Mexico is a country rich in diversity. Agriculture is a major industry. The cattle industry in particular is one of the main arms of its productivity. Agriculture, literally, has gone from the horse and buggy days into the modern agricultural era in a period of 30 years. Probably in no area of the North American continent have the changes been so dramatic in such a short period of time.

While Mexico has a long way to go to reach the efficiency in agriculture that exists in Western Canada, it is nevertheless making rapid progress. The country is utilizing modern equipment, cropping techniques, fertilizers, irrigation, and so on, and its productivity has increased phenomenally.

In the urban centres the country has had to face problems similar to those which exist in other urban areas, and possibly to an even greater extent, because housing in some of the larger cities until recently left a great deal to be desired. Tremendous housing programs have been developed in the last few years and, generally speaking, there has been a spectacular upgrading of the standard of living.

Coupled with the increase in the quality of life has come a new confidence and buoyancy, and one has the feeling, when talking to businessmen, and those in education and the arts, that here is a country which has discovered itself. Mexico is able to draw upon a rich tradition going back longer than any other part of this continent. Education is high on the list of priorities. Mexican universities are first class, and are turning out the engineers, doctors and lawyers, et cetera, so essential to the maintenance of a high quality of life in any country.

As I have mentioned, Mexico is a country of great diversity. It is a tourists' paradise. There are high mountains, such as we have in Western Canada, and there are famous seaside resorts, such as Acapulco, Puerto Vallarta, and others, which leave nothing to be desired in the way of modern conveniences and comforts. They provide a pleasant atmosphere in which to spend some time. I suspect that through the efforts of CP Air, as well as Air Canada, which have a fine and convenient air service from Calgary, Vancouver and Toronto to Mexico City, we shall find more Canadians visiting Mexico every year.

In that part of the country from which I come, it has been traditional for people to visit California, Washington, Oregon, and Arizona. However, an increasing number of people are expanding their horizons and travelling beyond

the United States into Mexico. There is an advantage in doing so, because the American civilization, standard of living and mores are so similar to our own, and one experiences little change in travelling from Canada to the United States. But when one travels from Canada to Mexico, one is exposed to a very different type of civilization. It is a much older society than ours. You see aspects of it that are enriching, such as the ancient ruins of the Aztecs, and the ruins of buildings built in a more recent time, right up to the late 1850s.

● (1530)

Mexico has made great progress. Since 1910, coinciding with the end of the revolutionary period, that country has really gone ahead. Honourable senators will no doubt recall that from the 1880s until 1910, Mexico was a country of very unstable governments. There were many revolutionary leaders. As a matter of fact, I recall when I was a youngster of 10 or 12 reading about a famous character named Emeliano Zapata. Zapata was a bandit who came out of the hills and swept everything before him. There was also, of course, Pancho Villa, one of the most colourful characters to come on the national scene of any country. The period between 1880 and 1910 was a troubled time in Mexico, but from 1910 on there has been stable government. As a result of continuity and stability, successive Mexican governments have been able to organize the life of the country, and dramatic progress has been made in the last 60 years.

Mexico City has a population of nine million. It is a very modern city, but you will still find the old adobe shacks in the outlying parts. In the city proper, there is Avenue Reforma, one of the great avenues of the world. They compare it to the Champs Elysées in Paris. It is a very fine avenue, and the Reforma statue standing at the top of it is one of the great landmarks in Mexico City. It is a dramatic monument to the liberation of that country, and the beginning of the period of stability following the revolution.

In the last 50 years, as a result of coming into a period of tranquillity, security and stability, progressive Mexican governments have been able to concentrate their efforts on educating and training the people, and in laying the industrial base for a great civilization.

The population of Mexico today is 56 million, and it is expected by the end of the century to reach 125 million. It is going to be a big power. They are concerned with plans for the absorption into the economy of the people who are going to live in that country in the period between now and the end of the century.

I think it is fair to say that the Mexicans have been rather imaginative in their approach to laying the foundation for an advanced technological society, an advanced culture. It is a country which, I think, is very rich. Canada could benefit greatly by capitalizing on the friendship between the two countries and in cultivating stronger relations. I should like to see the number of exchanges involving parliamentary delegations between Canada and Mexico increase, as well as exchanges between businessmen of both countries, right down to the ordinary citizens.

Mining has long been known as one of Mexico's most productive industries, particularly silver mining which occupies an important role in the national economy. Agriculture, of course, is one of the basic and major

industries of Mexico, and they have been developing breeds and quality of cattle that offer a good deal to Canada. They have been concerned with developing not only breeds that utilize feed effectively and economically, but animals that are relatively resistant to disease and to the various ticks and bugs that can inhibit the production of either milk or beef from those animals.

Altogether, Mexico is a country that is on the march. It is utilizing modern technology to its fullest extent. The Extension workers in the field work closely with the farmers, and they have adopted the latest in modern irrigation engineering. I might say, it is a country that has a great deal to offer in the irrigation field. In fact, irrigation is an essential element in agricultural productivity in that country.

Mexico is a country that has a great deal to offer, and I think it is important that Canada continue to cultivate good relations with it. I should like to see a larger exchange of parliamentarians between Mexico and Canada than has taken place up to the present time. I should also like to see a larger exchange between Mexican and Canadian businessmen. I am satisfied that to many Canadian businessmen, Mexico is a country that means very little. That is not the case. It is a country of expanding markets. The projected population increase from 56 million today to 125 million by the end of the century is a good indication of that.

Mexico is a country that is well disposed towards Canada, and I hope we will be able to expand our contacts with it. The opportunities for trade between Canada and Mexico are increasing. There are many products which we grow that cannot be grown in Mexico, and vice versa.

Honourable senators, it is not my intention to take up much of your time in discussing this subject today. However, I think it is important to emphasize that Mexico is a country which has a great deal to offer Canada. It is rich in experience, rich in opportunities, rich in its heritage. I should like to see a much more aggressive policy on the part of our tourist industry in arranging for more Canadians to spend time in Mexico, particularly in the winter when they enjoy a very pleasant climate. It is not much farther to Mexico than it is to California or Florida. In addition to the warm climate you have the added advantage of going to a completely different civilization, an ancient civilization, and a country that is rich in its heritage, in the arts, in literature, in music, and so forth. I am sure Canadians would benefit greatly from the cultivation of a greater knowledge of that country.

I hope that the Canadian Parliament will arrange for more exchanges with the Mexican Parliament; I hope that Canadian chambers of commerce will arrange for more exchanges than have taken place in the past between Canadian and Mexican businessmen; and I particularly hope that the ordinary Canadian citizen will take advantage of the opportunities that are offered by the various tour packages under which they can visit that country. It is not an expensive trip. You can go to Mexico and spend some time there for less than it costs to go from Western Canada to Europe. It is the one country in the northern hemisphere that offers a completely different background in civilization, history, language and literature, and a visit is very well worthwhile.

[Senator Cameron.]

● (1540)

I should like to see the Parliament of Canada, at the earliest opportunity, arrange for an invitation to Mexican parliamentarians to visit Canada. It is true that we have had some visits, but they were of relatively small groups. I should like many more to come, and arrangements made whereby Canadian parliamentarians could have an opportunity to go to Mexico, explore the country and get to know the people.

In addition to visits by parliamentarians I think it is important that businessmen, through chambers of commerce and other business organizations, go out of their way to explore the opportunities that lie literally on our doorstep on this continent—opportunities that offer a market for some of our products which Mexico cannot produce, and opportunities for them to supply us with goods that we cannot produce.

Honourable senators, I thought I would take these few moments to tell you of our experiences in Mexico. The Canadian businessmen, from Ontario to British Columbia,

who went to Mexico for three weeks in April of this year all want to go again. They all returned with a new feeling for, and a new appreciation of, our neighbour one country removed on the North American continent.

A visit to Mexico is a different experience from one to the United States. It does not cost much more, and you are in a completely different and exciting civilization. I suggest, therefore, that Canada should lose no time in seeking the opportunity to provide the means by which Canadians can spend more time in Mexico. Particularly, we should find means of inviting the Mexicans to spend more time in Canada, because to the majority of them this is the great land of wide open spaces, the land of the frozen north, and it is high time that this ancient idea was completely dispelled. We would be mutual benefactors if there were a greater exchange between our peoples.

The Hon. the Speaker: As no other honourable senator wishes to participate, this inquiry is considered as having been debated.

The Senate adjourned until Tuesday, May 20, at 8 p.m.

THE SENATE

Tuesday, May 20, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The hon. The Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Rodriguez has been substituted for that of Mr. Brewin on the list of members appointment to serve on the Special Joint Committee on Immigration policy.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Canadian National Railways for the year ended December 31, 1974, pursuant to section 40 of the Canadian National Railways Act, Chapter C-10, R.S.C., 1970.

Report of the Canadian National Railways Securities Trust for the year ended December 31, 1974, pursuant to section 17 of the Canadian National Railways Capital Revision Act, Chapter 311, R.S.C., 1952.

PRIVILEGES AND IMMUNITIES (INTERNATIONAL ORGANIZATIONS) ACT

BILL TO AMEND—FIRST READING

Senator Perrault presented Bill S-25, to amend the Privileges and Immunities (International Organizations) Act.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

INDUSTRY

CANADIAN TEXTILE PROBLEMS—QUESTION ANSWERED

Senator Perrault: Honourable senators, on May 13 last Senator Cameron asked the following question:

Could the Leader of the Government give us some idea of the dollar value of the suits or suiting materials brought in from Taiwan and/or Hong Kong in a year?

The answer, which consists of statistical detail, is as follows:

Suits—all types (men's, women's, children's)—not necessarily fine, unstructured (a term used for casual):

Hong Kong—Fine and Sport (except knitted) \$1.3 million

Taiwan \$281,000

(Total Canadian Import \$8,212,000, including figures for Hong Kong and Taiwan).

Suits made of knitted fabric:

Hong Kong \$1,082,000

Taiwan \$604,000

This makes a total import for suits of all types, including knits, as follows:

Hong Kong \$2,382,000

Taiwan \$885,000

It is not possible for me to quote exact figures for materials imported for suiting purposes as materials may be directed to end users and made up into a number of clothing articles such as skirts, slacks, jackets, dresses, coats, et cetera.

PETROLEUM ADMINISTRATION BILL

SECOND READING

The Senate resumed from Thursday, May 15, the debate on the motion of Senator Hays for second reading of Bill C-32, to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade.

Hon. Harry Hays: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Hays speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Hays: Honourable senators, in his remarks the other day Senator Manning pointed out that Bill C-32 is one of the most important bills to have come before Parliament in a long time. That is so because the bill deals with something upon which we are all dependent: energy in all of its many forms.

I am not going to reply to the contributions made in the Senate, because this has been ably done by the Leader in the Senate, by Senator Manning, by Senator Grosart, and also by my colleague Senator Prowse. All of these have covered the subject very well.

I would, however, just like to leave with you, before moving second reading, the suggestion that the bill go to the Senate Standing Committee on Banking, Trade and Commerce, a few ideas that have occurred to me. The province that I come from, Alberta, supplies a great deal of the conventional oil and conventional gas that is produced from fossil fuels in Canada. This is a depleting industry. The jurisdictions respecting this particular field, as we all know, were left with the provinces, provided that the fuel

in question was within the province concerned. I do not want to go into the constitutional problems that have been raised, but I should emphasize that it is only one of the many forms of energy that we have in Alberta and, indeed, all over Canada. One day we will have to take a long look—and probably the Upper House is as good a place as any to initiate such a study—at how we are going to handle all forms of energy that Canada possesses.

If you fly from the Yukon to the 49th parallel, any time between September and July, you will fly over probably the greatest watershed in the world. It is covered with snow that falls on the Rocky Mountains for eight to 10 months a year, and sometimes even for 12 months. When I had the honour of being in Mr. Pearson's Cabinet I think in some way I was responsible for initiating the Saskatchewan-Nelson River basin study of the eastern slopes of the Rockies. It was hoped that the study would eventually benefit all of Canada, not only as to our water resources but also our hydroelectric power. Few Canadians realize the fantastic amount of electricity that can be generated from water running off mountains that are 8,000 or 9,000 feet high, and from the water running right across the Prairies, some of it going into the Arctic and some of it into the Great Lakes. There has always been a question as to the ownership of this water, and the sooner we establish our priorities the better off Canadians are going to be, because none of us can live alone. We have often heard it said that there are no islands, that we are all part of the mainland. I wanted to mention water because it is one of our most important resources. I am sure that our friends to the south would be very happy if all our water could be made to flow south. Studies have been made as to how the rest of Canada would be affected if our water did, indeed, flow south instead of north and east.

We should also think of the great coal fields in this area. No one knows how much coal we have. Some, who claim to know, say that we probably have the greatest coal fields in the world. When Hitler ran out of conventional oil in the last Great War, his scientists were able to produce energy by gasifying coal that was brought up from 4,000 to 5,000 feet below ground, and it took the whole world, with all the technology then available, to defeat him. Such matters make us realize just how important our energy is for the rest of Canada.

• (2010)

I think of many things that I do and am more familiar with in the field of agriculture. When we supply 35 per cent of the meat consumed in Toronto and Montreal, I wonder what I, as a Canadian and an Albertan, would do without that market. Then, looking at the other side of the coin, when I buy a Massey-Harris tractor for \$25,000 or \$30,000, I wonder what I would do without it, and if we did not have the manufacturers of Eastern Canada. So, we are dependent upon one another.

When my good friend Peter Lougheed, whom I have known for 25 years, and my friend Gerald Regan, whom I travelled with many times when he was in the other place, were making their statements at the first ministers' conference, I think, if the shoes had been on the other feet, that Peter Lougheed would have taken the position Gerald Regan took, and Gerald Regan would have taken the position Peter Lougheed took. So the question really is

this: Is it "Canada first", or is it "me first"? These are the things we have to be truly big about, because if we are not then we are indeed all going to be the losers.

A study of history tells us that all wars have been caused by boundary lines. I cannot but think that if Canadians today were asked to sit down and draw the boundaries of the provinces, they would not draw them as they were drawn in the past. They would probably have the Prairie provinces together from the 49th parallel to the Arctic, Ontario and Quebec together, and the Maritimes united. Sir John Ormond told me in New Zealand a long time ago, "You will never have all your problems in Canada resolved until you do what we did in the late 1890s, and that is do away with the boundary lines."

Honourable senators, these are some of our great problems. Bill C-32 is a bill that I hope will not have to be used, and that instead the provinces can get together to resolve these problems that so greatly affect all Canadians. This is a good bill, and I commend it to you because I think it can be used as a means to make things better for all Canadians—that is, if it has to be used, but I hope that will not happen.

If this bill receives second reading, then I shall move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce. I know that honourable senators have many questions that cannot be answered here, and in committee the officials will make themselves available to answer such questions.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Hays, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

PRIVATE BILL

NATIONAL COMMERCIAL BANK OF CANADA—SECOND READING—DEBATE ADJOURNED

Hon. Harry Hays moved the second reading of Bill S-24, to incorporate the National Commercial Bank of Canada.

He said: Honourable senators, I apologize for being on my feet twice in one evening.

Senator Flynn: Why not?

Hon. Senators: Hear, hear!

Senator Hays: Bill S-24, an act to incorporate the National Commercial Bank of Canada, is a short bill, but one about which the petitioners feel keenly. I can probably explain it best by referring to one of their brochures.

In summary, the proposal is to form a new Canadian chartered bank, which will become a specialized, business-oriented bank throughout Canada and internationally. It is hoped that the name of the bank, as I mentioned, will be the National Commercial Bank of Canada. The authorized capital will be \$40 million—four million shares at a par value of \$10—of which \$22 million, or two million shares at an issue price of \$11, has been subscribed. Of the first issue, \$2 million will be a contribution to the bank's rest account. Canadian institutions, primarily pension plans, will be offered the main opportunity to participate. The head office will be in Vancouver, British Columbia.

The proposed new bank will be a "wholesale" bank, and will need branches in only the main commercial centres of each Canadian region. These branches will be low in overhead, and their management teams will consist of a small number of competent persons who are specialists in the commercial interest of their region.

They will specialize their lending in higher yielding business loans, resource financing, real estate financing, term loans, loans to small businesses, and the like. The risk that is sometimes associated with these assets will be minimized by close, specialized management and forms of insurance, such as mortgage insurance.

The new bank will offer commercially-oriented services, including financial counselling. It will decentralize management responsibilities; it will be innovative and will participate in the development of new ventures, including those involving new Canadian technology. It will seek "wholesale" deposits, primarily term. It will, in effect, be buying money in the principal money markets.

The sponsor of the National Commercial Bank of Canada is Boyd, Stott & McDonald Limited. A short look at Boyd, Stott & McDonald and their background may explain why they feel they possess the qualifications to sponsor a new chartered bank. I shall give honourable senators a rundown of the six provisional directors of the bank.

● (2020)

In 1960, Bill McDonald was with the Bank of Nova Scotia. He developed that bank's mortgage portfolio. Michael Boyd was with Greenshields Incorporated, working in the area of corporate development. Together with their colleagues, their joint efforts on behalf of their corporations resulted in the formation of several financial intermediaries.

The Mortgage Insurance Company of Canada, MICC, was incorporated by special act of Parliament in 1963 to insure first mortgages that were of greater ratio, relative to the value of a residential property, than was at that time allowed as an investment under the life insurance, trust and loans companies acts.

Central Covenants Limited was incorporated to hold that part of the first mortgages insured by the MICC that was above the allowable limit. The combined effect of these companies was to replace expensive second mortgages by higher ratio first mortgages, allowing Canadians to save money on the cost of financing their homes and creating a vehicle whereby the traditional Canadian mortgage institutions could take advantage of a higher ratio mortgage market without increased risk.

The value of these institutions was shown by a gradual raising of the allowable ratio ceiling on mortgages by the federal government. Central Covenants Limited, because of this lifting of the ratio restrictions, became redundant to its original purpose and developed into a regular mortgage company with assets today of some \$75 million. MICC continued to play a highly significant role in the Canadian mortgage market. It wrote \$2 billion worth of private mortgage insurance in 1974.

Another company established in much the same way was Home Capital Funds Incorporated, an American company. I shall not dwell on that. In 1964, the company,

[Senator Hays.]

which was eventually to become BSM, was incorporated. Since that time BSM has created several new financial intermediaries, some for its own account and some for others. Morguard Trust Company, in which it has an 80 per cent interest, is a principal force in the mortgage banking field. It was begun in 1966, and now has over \$600 million potential portfolio of mortgages under administration.

From that it will be seen that the directors or principals of the proposed new bank are responsible people. We should give serious consideration to passing Bill S-24 to start this new bank. There will be six provisional directors, all of whom are outstanding Canadians.

Honourable senators, if this bill receives second reading I intend to move that it be referred to the appropriate committee.

Senator Heath: Is there any provision for a restriction on the percentage of shares that can be owned or controlled by individual, corporate or government shareholders?

Senator Hays: This will be a private bank, and its innovators would like to see, as principal shareholders, Canadian institutions, primarily pension plans. There may be 25 such institutions, each holding 4 per cent of the shares. There are laws to ensure percentage of holdings.

That is the general makeup of the bank. It is a wholesale bank, and it will be a private bank.

Senator Molson: When my honourable friend says it will be a "wholesale" bank, does he mean there will be no phase of its activities that deals with the ordinary, small individual; that there will be no banking for the ordinary, small operator or depositor? I am not quite clear about the term "wholesale" in this case.

Senator Hays: It will be involved in deposits and loans, but it will not have branches all over the country or be staffed in the same way as our chartered banks. It would participate in lending money to small businesses; it would also be involved in mortgages, and so forth. It might even be a "walk-up," only more substantial, than the suitcase banks we have in Canada today.

Senator Fournier (de Lanaudière): What is a "suitcase bank?"

Senator Hays: Well, a person who does his banking out of a suitcase. He makes loans and accepts deposits out of a suitcase. There are many in that field in Canada today.

Senator Bourget: Do you supply the suitcase, too?

Senator Grosart: Honourable senators, I move the adjournment of the debate.

Senator Molson: Or postponement?

Senator Grosart: Adjournment. New rules.

On motion of Senator Grosart, debate adjourned.

CRIMINAL CODE (COMMUTATION OF DEATH SENTENCE)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, March 20, the debate on the motion of Senator Robichaud for second

reading of Bill S-21, to amend the Criminal Code (commutation of death sentence).

Hon. Joan Neiman: Honourable senators, it has been some time since we have debated the motion of Senator Robichaud for second reading of Bill S-21. Apart from the fact that there has been other urgent and prior business which has occupied this chamber, I felt that the contents of Bill S-21 were of such importance that I wanted to take some time to review the various factors and problems that the bill itself raises. Hopefully, I will have a few well-educated comments which may be of some help to us in that regard.

I might say that I have tried to atone for the delay I have caused in continuing the debate on the motion for second reading by preparing an inordinately long speech, and I hope honourable senators will bear with me.

As honourable senators will recall, Bill S-21 provoked a good deal of discussion about capital punishment. My views on that subject are on record. I do not propose to speak to that particular matter this evening, particularly since we also have Bill S-23 before us. I would prefer simply to confine my remarks to Bill S-21 itself.

I have carefully read and re-read the speech made by Senator Robichaud in moving second reading of Bill S-21, as well as the speeches of those who have preceded me in this debate. There is obviously some confusion and indecision among us as to what Senator Robichaud seeks to do, and what in fact this bill could accomplish.

If Senator Robichaud's purpose is to obtain the approval of the Senate to restrict the royal prerogative, and any other power that rests with the government to commute the sentence of death, I believe he cannot succeed, either on procedural or constitutional grounds. I would go even further, and say that I believe the majority of honourable senators, regardless of the views they hold on capital punishment, could not support the principle of curtailing the royal prerogative of mercy. I stress the "principle" of that ancient right; not the practice of administering it, which many people are questioning today.

If, on the other hand, Senator Robichaud's primary desire is to focus attention and to provoke discussion on the legitimate worries of our citizens regarding the rising tide of crime and violence in our country, and the underlying questions as to whether we as a government are doing our best to stem it and turn it back, to punish appropriately those who threaten us and to support those who are selected to protect us, then he has succeeded very well indeed.

● (2030)

Because the prerogative of mercy is of prime interest today and is being hotly debated by many people who may not understand its historic origins or its application, I should like to read into the record one of the clearest descriptions of this power that I have found. It is contained in a report of a "Committee appointed to Inquire into the Principles and Procedures followed in the Remission Service of the Department of Justice of Canada." This report was prepared at the request of the then Minister of Justice, the Honourable Stuart S. Garson. The distinguished members of the committee that prepared this

report were headed by Mr. Justice Gerald Fauteux. I quote the opening paragraphs of chapter IV:

The prerogative powers consist of all the special dignities, liberties, privileges, powers and royalties allowed by the common law to the Crown, which have not been taken away by statute. One of the important prerogatives that remains vested in Her Majesty in right of Canada is the royal prerogative of mercy. Under it a pardon may be granted to any person convicted of a criminal offence or the punishment imposed by the court in respect of the offence may be commuted or remitted.

In Canada the power is exercised by the Governor General on behalf of the Queen. The Letters Patent that constitute the office of Governor General of Canada direct, in effect, that the Governor General shall not exercise the royal prerogative of mercy without first receiving the advice of the Privy Council for Canada in capital cases, and at least one of his Ministers in other cases.

In addition to this all-embracing prerogative power, there are several Acts of Parliament that authorize the granting of similar relief to offenders.

I quote from the next paragraph:

The wider power conferred upon the Governor General by the Letters Patent is not affected by the narrower statutory powers. In the result, this combination of prerogative and statutory powers provides a useful flexibility which assures that, ultimately at least, relief can be granted in all deserving cases. Such a combination of sources of relief existing under the British system of government is also to be found in other countries.

Senator Connolly was quite correct in stating that there are twin sources of this power. There is the ancient right of the Crown to bestow mercy, older than Parliament itself, which was transferred absolutely to the Governor General by letters patent in 1947. In addition, the Government of Canada has had the statutory power to commute sentences, including sentences of death, since Confederation. I have here a photocopy of chapter 29 of the Statutes of Canada, 32-33 Victoria, 1869, in which the provisions are contained for statutory commutation of sentences. I may say that there is the further provision in the statute of 1869, section 129, which reads:

Nothing in this Act shall or doth in any manner limit or affect Her Majesty's Royal prerogative of mercy.

So at least since Confederation we have had these two sources of commutation.

Incidentally, I might go even further than Senator Connolly. I know of no occasion since Confederation when the royal prerogative of mercy, as distinct from the statutory power, was exercised. However, I really did not do a thorough research on that point, and I could be wrong.

To return to Bill S-21, Senator Robichaud has stated that what he is trying to accomplish by amending section 684(1) of the Criminal Code is to restrict the right of the Governor in Council to commute a sentence of death unless certain conditions are met. This is substantially what Bill S-21 proposes, and, if passed, could only

achieve—that is, a limitation upon the statutory right of commutation.

On the other hand, the opening phrase of the suggested amendment to section 684(1) is:

Notwithstanding anything in this Act or in any other law or prerogative—

That appears to indicate an attempt to affect the royal prerogative. Moreover, although Senator Robichaud stated that the purpose of the bill is to remove from the Governor in Council the authority to exercise clemency—and this is confirmed in the explanatory note accompanying the bill—he referred a couple of times during the course of his speech to the royal prerogative. His closing remarks contained this observation:

I want it to be crystal clear that I believe in the royal prerogative, provided it is exercised on a recommendation from the trial judge or the jury for clemency, or when a jury cannot agree on a recommendation for clemency.

Since those are the conditions set out in Bill S-21, it seems apparent that the proposed legislation is meant to abridge both the royal prerogative of mercy and the statutory power of clemency. That inference was obviously drawn by subsequent speakers in the debate, and I recall an exchange between Senator Grosart and Senator Asselin during the course of Senator Connolly's speech. That is reinforced by the fact that the sponsor of the bill has not sought to correct this misapprehension, if in fact it is one.

This, then, leaves us with a dilemma. If we consider Bill S-21 as introduced, ignoring for a moment the implications of that word "prerogative" in the opening sentence, we must accept the fact that it would only partially amend or affect a particular provision in our law. If we assume that it was intended also to abridge the royal prerogative, then the sponsor is faced with almost insurmountable procedural and constitutional difficulties. Several honourable senators are obviously aware that they exist, and Senator Bélisle in particular mentioned them in some detail.

I do not want to repeat all that is now on record regarding Bill S-21 but, on the assumption that it was intended to affect the royal prerogative of mercy, I should like to state briefly what I see to be its principal and even fatal defects.

Royal prerogatives may be limited, held in abeyance or abrogated by act of Parliament. An old rule of the common law holds that the rights and prerogatives of the Crown could only be changed or repealed by the express and clear terms of a statute. That rule was codified in our Interpretation Act and upheld in an appeal to the Judicial Committee of the House of Lords in *Re Silver Brothers Limited*, (1932) Appeal Cases, page 514. That case held that, by virtue of section 16 of the Interpretation Act, Revised Statutes of Canada, 1906, some such general declaration as "notwithstanding anything in this or any law or statute," which was intended to affect the rights of the Crown, is not itself sufficient unless it is also expressly stated in the provision that the Crown is to be bound thereby. That, of course, is the general phraseology of the first paragraph of Bill S-21, and that, according to the highest judicial authority, in itself could vitiate the legislation.

[Senator Neiman.]

There is an added interesting complication. The Privy Council decision was based on section 16 of our Interpretation Act of 1906, which read:

No provision or enactment in any act shall affect, in any manner whatsoever, the rights of His Majesty, his heirs or successors, unless it is expressly stated therein that His Majesty shall be bound thereby.

● (2040)

That language is strong and precise. It makes it apparent why the House of Lords came to the decision it did.

The present version of the provision is not nearly so clear. Section 16 of the Interpretation Act today states:

No enactment is binding on Her Majesty or affects Her Majesty or Her Majesty's rights or prerogatives in any manner, except only as therein mentioned or referred to.

The section now appears to be quite a bit more general—vague, if you wish—than the previous section. I understand that in England it has been held that, if an act does not expressly abolish a prerogative but simply covers the sphere of the prerogative, then the said prerogative is in abeyance so long as the statute remains in force. That, possibly, could happen with this particular bill. I do not know if that judicial decision, which I assume it to be, has been recognized by Canadian courts, but it is obvious that the effect of the wording of Bill S-21 would require some careful legal interpretation.

As I have mentioned, there has been an explicit provision in our criminal law, at least as far back as the Statutes of Victoria, 1869, that nothing in the act governing that law shall limit or affect Her Majesty's royal prerogative of mercy. That provision is now contained in section 686 of the Criminal Code. As several honourable senators have pointed out, Bill S-21 does not allude to or attempt to repeal it. It therefore remains in full force and effect. If this bill were effectively to abrogate the royal prerogative of mercy, it might be sufficient for it simply to state that "section 686 is hereby repealed," or, in accordance with the Privy Council decision made on section 16, it might have to go further and state as well that "the royal prerogative of mercy is limited in its application to the same conditions laid down for the statutory powers of commutation in the proposed amendment to section 684(1).

It is my opinion that the defects I have mentioned are of such a serious kind that they affect the fundamental nature of the bill itself and so could not be cured by amendments either here or in committee. However, even if I am wrong, Bill S-21, as of now, lacks an essential element: the consent of the Crown.

I refer you to Erskine May's *Treatise on the Laws, Privileges, Proceedings and Usages of Parliament*, Seventeenth Edition, 1964. What I am about to read is found at page 8. It is from the description of the constituent parts of the Parliament of the United Kingdom:

The Crown of these realms is hereditary, being subject, however, to special limitations by Parliament; and the King or Queen has ever enjoyed, by prescription, custom and law, the chief place in Parliament and the sole executive power. The right of succession and the prerogatives of the Crown itself are, however,

subject to limitations and change by legislative process with the consent and authority of the sovereign.

While studying this bill, I was referred to the debates in the other place when an historical amendment to the Petition of Right Act was introduced by the then Minister of Justice, the Honourable Stuart Garson, in 1951. That bill sought to abrogate an age-old prerogative of the Crown by abolishing the necessity of the subject's obtaining a Governor General's fiat; that is, his permission, before taking proceedings against the Crown. Having studied the original act and amendment during my days in law school, I found it a fascinating exercise to read the actual record in *Hansard* of that significant milestone in Canada's constitutional history.

When the Minister of Justice moved second reading of the Petition of Right Act without having indicated that he had obtained the Queen's consent to the bill, that stalwart defender of the Crown and of our Constitution, the right honourable member from Prince Albert, then of Lake Centre, promptly brought him to task. He said:

Before dealing in general with this bill I would say to the Minister of Justice (Mr. Garson) that I have some doubts as to whether his manner of introducing this bill will give legality to the bill when it becomes law. As the minister has stated, since the days of Edward I the king has been in the position of superiority in so far as his relations with his subjects are concerned.

And he went on to say that he felt that if this consent was not given, he very much doubted whether the bill could be considered legal.

The right honourable member then illustrated his point by recalling similar legislation which was introduced a few years previously in the United Kingdom. Interestingly enough, that government bill was first introduced in the House of Lords where the Lord Chancellor used these words:

In moving the second reading of the bill, I have it in command to acquaint the house that His Majesty the King, having been informed of the contents of the Crown Proceedings Bill, is prepared to place the interests of the Crown at the disposal of Parliament in connection with the bill.

Later, when the bill went to the House of Commons, the Attorney General in moving second reading used almost the identical language to indicate again that the consent of the Queen had been obtained. That would appear to refute Senator Bélisle's supposition that a bill requiring the Queen's consent can only be introduced in the House of Commons. It would appear obvious from the precedent we have here that it would be quite in order to introduce such a bill in the Senate, provided the requisite consent was obtained and so declared.

In the debate in the Committee of the Whole on the Petition of Right Act the Minister of Justice pointed out that, because the introduction of the bill had been forecast in the previous Speech from the Throne, the only requisite was to indicate some time before third reading that the Queen's consent to the measure had been obtained. That was done. It is significant to note that on subsequent measures of a similar kind—for instance, the Crown Lia-

bility Act of 1952—the Minister of Justice made an oral statement of the Queen's consent before the bill was introduced for first reading.

At this point I am not at all certain that a member can effectively sponsor a private bill which would in any way affect the royal prerogative. Even if he could do so, it is obvious that he would first have to arrange through the government leader to obtain the Queen's consent to the proposed measure. Since I am certain that this government would not in any case approve of the principle of abrogating the royal prerogative of mercy, I cannot believe that the government leader in the Senate would recommend to his colleagues in Privy Council that such a proposal be considered.

As Bourinot states on page 414 of his *Parliamentary Procedure*:

If the introducer of a bill finds, from statements of a minister, that the royal assent will be withheld, he has no other alternative open to him except to withdraw the measure.

I do not know if the sponsor of this bill has tried to determine whether he could obtain that consent of Parliament, but in any case I very much doubt that he would get it.

Perhaps I should make one more observation. If we were to consider Bill S-21 on the basis that it purports to limit only the statutory power of commutation, then I have a feeling that it should contain some reference to and possibly an amendment of section 670 of the Criminal Code, because that is the section which sets out how a trial judge will determine and record whether or not the individual members of a jury are prepared to make a recommendation, either for or against mercy. Since I do not believe that any of us are really considering the bill on that basis, we probably do not have to pursue that particular line of inquiry any further.

As to the principle which underlies Bill S-21, that is that the royal prerogative of mercy or the statutory power to commute a sentence of death should in any way be limited, I am totally opposed to it. Several honourable senators before me have expressed their objections and their opposition to that concept far more eloquently than I can. I can only echo and support the views they have expressed.

● (2050)

On the other hand, there are obviously many people who, regardless of their views on capital punishment, have great misgivings about the government's exercise of clemency. Some have gone so far as to say that there has been a flouting of the will of Parliament in the exercise of that power. I simply cannot accept that view.

I would remind honourable senators again that the government's right to commute a sentence of death, as well as the ancient prerogative of mercy, have been part of the statute law of Canada at least since we became a nation. They reflect the will of Parliament as much as any other federal statute or enactment, including those which empower the government to direct that a person shall be sentenced to death for certain offences. To be required to exercise any of those powers is the type of awesome responsibility that I am thankful I do not have to accept.

Because the issue of commutation is very much in our minds these days, I think it would be as well to remind ourselves of the painstakingly careful procedure which must be followed before each member of the cabinet decides whether or not to recommend to the Governor General that mercy be granted. It should be remembered that the trial judge is required by law to pronounce the sentence of death against a person who has been convicted of a capital offence for which the penalty is prescribed. On the other hand, no application for the mercy of the Crown is required. Every capital case is automatically considered by the cabinet.

As soon as possible after a sentence of death has been pronounced, the trial judge is required to make a report to the ministry of the Solicitor General. It is a detailed summary of the important features of the case. It reviews the evidence which has been adduced for the prosecution and the defence, and it comments on any questions of law that may have arisen. Where there is conflicting evidence, the judge may be invited by the cabinet to express his opinion as to the weight to be given to the evidence. The report, of course, would include a summary, in accordance with section 670 of the Criminal Code, of the recommendations either for or against clemency, and of those who chose to make no recommendation.

Even before all avenues of appeal have been exhausted, the Solicitor General will endeavour to get permission from defence counsel to have the convicted person examined by two independently appointed psychiatrists. If this is granted, their reports, along with any previous psychiatric reports, the transcripts of evidence and the exhibits at trial, all appeal books, police reports from any police forces involved in the investigation of the case, petitions or letters from friends or relatives, representations from defence counsel—all these and any other material that may have any possible bearing on the case are assembled and given to each member of the cabinet for study and consideration. Each member must then make his own decision on the evidence before him as to whether the convicted person is deserving of mercy.

Each of us here today has his and her set of religious and ethical concepts; our social and moral standards are firmly—perhaps too firmly—embedded in our souls and minds. I can well understand that if each of us were presented with the material that the cabinet must consider on commutation, we very likely would not all agree on what in the final analysis it all meant. Our perception as to what is even a fact is conditioned by the forces within us, by the knowledge we have as well as the knowledge we think we have. But if you were to come to a different decision from mine on what we conceive to be a given set of facts, I would believe that you had done so with as much conscience and responsibility as I hope I had.

Senator Robichaud apparently believes that some of the abuses he sees in our present system would be corrected if it were left to the jury and the judge to decide who should live and who should die. I cannot believe that many of them would want that dreadful responsibility. For as many centuries as our system of justice has allowed juries, their role has been to decide the guilt or innocence of the accused. The judge is required by law to pronounce a sentence of death, but even he knows there is a higher

authority which will make the ultimate decision. Section 670 of the Criminal Code requires a trial judge to advise the jury that it is not required to bring in a recommendation for or against clemency. If it does, of course, it would be a unanimous recommendation. If it does not, the judge polls the jurors individually, but some of them may still exercise their right to refuse to make a recommendation. The reasons why they would choose the latter course are their own. We can only speculate, but two of the most obvious might be that a juror retains some misgivings in his own mind as to whether a correct verdict has in fact been reached, or feels strongly that it is not any part of his responsibility to decide on whether or not a man should die.

I have before me a list of all the men who have been sentenced to death since section 670 was enacted into law during the 1960-61 session of Parliament. If my count is correct, there have been 59 of them. As you know, the jury recommendations, or lack of them, are public knowledge. I have done a little investigation, which indicates that a minimum of 36 out of the 59 received a unanimous recommendation of mercy from the jury. My research has been a little complicated by the fact that the sentences of an additional seven men were automatically commuted when Bill C-168 came into force on January 1, 1968, because their crimes were no longer punishable by death. A total of 16 did not receive a recommendation of any kind, but seven of those were the men I just mentioned who received automatic commutation when the law regarding capital murder was changed.

Perhaps we should reflect on the fact that comparatively few jurors who took part in all those trials specifically recommended against clemency. Even in Moncton recently, where feeling was undoubtedly inflamed by the brutal murders which occurred, the jury which convicted the two men declined to make any recommendation.

The judge may include his own recommendation, if he so desires, but it is not made public so we have no readily available information on that particular aspect. However, with a little bit of digging I was able to find a couple of interesting facts. In all this list of 59 men, there was only one instance where the jury voted against clemency, but the judge recommended it. There was one instance where the jury voted for clemency, but the judge recommended against it.

When one considers the record as we know it—and there are many factors about each case to which we are not privy—how can anyone state that the government has wantonly or capriciously used the powers vested in it? With great deference, I believe it has carefully and conscientiously considered each case on its merits, and according to its standards as it conceives them; and who is to decide who has the greater wisdom?

MOTION IN AMENDMENT—DEBATE ADJOURNED

Honourable senators, Bill S-21 has received careful consideration from this house. I am sure we have all benefited from the constructive and informed comment about a wide range of social and legal problems which its subject has engendered. Nevertheless, it is obvious that we remain divided as to what the bill seeks to do or, in fact, can

accomplish. I would therefore move the following amendment to the motion before us:

That the bill be not now read a second time, but that the subject matter thereof be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

● (2100)

The Hon. the Speaker: Honourable senators, it is moved by Honourable Senator Robichaud, P.C., seconded by Honourable Senator Eudes, that this bill be now read a second time.

In amendment, it is moved by Honourable Senator Neiman, seconded by Honourable Senator Norrie, that this bill be not now read a second time but that the subject

matter thereof be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Senator Robichaud: Honourable senators, I should like to see this bill referred to the Standing Senate Committee on Legal and Constitutional Affairs, but in the meantime I move that the debate on this motion in amendment be adjourned.

The Hon. the Speaker: Honourable senators, it is moved by Honourable Senator Robichaud, P.C., seconded by Honourable Senator Eudes, that this debate be adjourned until the next sitting of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 21, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Capital Budget of the St. Lawrence Seaway Authority for the year ending December 31, 1975, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-1066, dated May 8, 1975, approving same.

TAX TREATIES

COUNTRIES WITH WHICH CANADA HAS CONCLUDED
TREATIES OR CONVENTIONS—QUESTION ANSWERED

Senator Perrault: Honourable senators, on May 15 the Honourable Senator Grosart asked a question relating to tax treaties or conventions between Canada and certain countries in the matter of double taxation and fiscal evasion. He asked with what countries we had such tax treaties or conventions, or with what countries we were negotiating revisions of existing treaties.

In reply to that question, I should like to provide the following information:

Canada has now 16 double taxation agreements in force with other countries. They are:

| | |
|-----------|--------------------------|
| Australia | Netherlands |
| Denmark | New Zealand |
| Finland | Norway |
| France | South Africa |
| Germany | Sweden |
| Ireland | Trinidad and Tobago |
| Jamaica | United Kingdom |
| Japan | United States of America |

Following the 1971 tax reform, the government announced its intention to renegotiate these existing agreements. To date, discussions with the following countries have been held:

| | |
|--------------------|--------------------------|
| Finland | New Zealand |
| France (concluded) | Norway |
| Germany | Sweden |
| Ireland | Trinidad and Tobago |
| Jamaica | United Kingdom |
| Netherlands | United States of America |

After the 1971 tax reform, the government also announced its intention to expand its network of tax treaties. Discussions with the following countries have been held:

| | |
|------------|----------|
| Austria | Liberia |
| Bangladesh | Malaysia |
| Barbados | Mexico |

Belgium
Brazil
Dominican Republic
India
Indonesia
Israel
Italy
Ivory Coast
Kenya
Korea

Morocco
Pakistan
Philippines
Portugal
Senegal
Singapore
Spain
Switzerland
Tunisia
Zambia

With respect to the question of the status of Canadians in their relations with countries with which Canada does not have a double taxation convention, problems of double taxation may arise in certain cases. For example, Canadians exercising professional activities, participating in cooperation or development assistance projects or generally investing in such countries, may encounter difficulties with the interaction of the Canadian and foreign tax systems.

TWO-PRICE WHEAT BILL

SECOND READING

The Senate resumed from Thursday, May 15, the debate on the motion of Senator Molgat for second reading of Bill C-19, to provide for payments in respect of wheat produced and sold in Canada for human consumption in Canada.

Hon. John M. Macdonald: Honourable senators, before making a few remarks on Bill C-19, the Two-Price Wheat Act, perhaps I should mention once again that I do not have an agricultural background, just in case this does not become apparent in my discussion of the bill.

Some hon. Senators: Oh, oh!

Senator Macdonald: I have done some reading on the subject of wheat. I have read the proceedings in the other place and the reports of the Agriculture Committee of the House of Commons. Consequently, I have obtained a somewhat limited and wholly academic knowledge of the subject matter of the bill. Let me give you an example of what I mean.

I read an article in the *Encyclopaedia Britannica* on this subject, and from that article alone it is obvious that the history of wheat would be a fascinating study. The article mentions that nearly all important civilizations are considered to have been founded upon the production of cereals, and that wheat was probably one of the first cereals grown by man. Indeed, it states that in all probability wheat was grown before there was any recorded history. Since wheat production required planting and harvesting on an annual basis, it meant that man had to settle in permanent locations to cultivate it, and so civilizations grew. It is of interest also to note that of all the

cultivated land in the world, which is about 3,554 million acres, something over 536,800,000 acres is used for the growing of wheat.

While reading about wheat I realized once again how fortunate it is for us that we in Canada can grow such huge crops of wheat. We produced 605 million bushels last year. It also occurred to me that perhaps we do not always appreciate what a tremendous factor and force wheat has been in the growth and development of Canada. The growing and selling of wheat is a great Canadian industry. It is an industry which is mainly concentrated, of course, in the Prairie provinces. But since it is a great Canadian industry, it is of benefit to all Canadians regardless of where they may live.

Wheat has helped to make Canada a great trading nation; its sale abroad has certainly helped our balance of trade and it has provided us with foreign exchange so that we could buy abroad, and it has encouraged countries to which we sell wheat to sell to us more goods and thus both sides have benefited.

If we agree that the growing and selling of wheat is a great Canadian industry, one which is of benefit to all Canadians, it follows in the most logical manner that if this industry needs some assistance then all of Canada is under an obligation to provide that assistance. This can be done by the Canadian consumer paying more for the end product, or by a government subsidy or by a combination of both measures. And, by providing the consumer subsidy under Bill C-19 the government is not breaking new ground; it is not creating any new precedents. Subsidies to industry are part of our Canadian economic system. To mention just a few, subsidies have been provided for gold mining, for coal mining, for shipbuilding, for the fishing industry, and I don't know how many more industries. Bill C-19 provides, as the title indicates, that there be a two-price system for wheat, a domestic price and an export price. What the bill does is stated in a very concise manner on page 53 of the report of the Canadian Wheat Board. It is as follows:

... on September 11, 1973, the government introduced a two-price system for wheat used for human consumption in Canada. Under the system the prices to be charged to Canadian mills in the 1973-74 crop year under this policy are basis \$3.25 per bushel for the basic grade of Spring Wheat and \$5.75 for Durum. To compensate the board for having to sell at these lower prices to Canadian mills, the new system also provided for a consumer subsidy to be paid to the board, being the difference between the prices to mills and the current export prices of these grains, with a maximum subsidy in each case of \$1.75 per bushel.

As you know, this policy was not put into effect in 1973 by statute because of various reasons, so it was put into effect by Order in Council. That was P.C. 1973-2689, dated September 11, 1973. But now it is to be enshrined in the law by this bill until July 31, 1980.

It is of interest also, that the Wheat Board Report further states:

Included in the operating results for the 1973-74 pool account for wheat are a total of \$68,734,193 bushels of Spring and Durum Wheat applicable under the policy.

The subsidy related to these bushels amounted to \$118,179,483, which has been included in the sales realizations of the pool account.

Now, of course, the total amount of the subsidy will be somewhat higher than that as some payments were made to the Ontario Wheat Producers Marketing Board and also, I believe, to some individual producers.

Honourable senators, while the principle of a two-price system for wheat has been in effect in Canada for the past few years, it has only been on a year-to-year basis. Under Bill C-19 the policy will become part of our statute law, to remain in effect, as I have said, until the end of July, 1980.

• (1410)

The principle of a two-price wheat system has been generally accepted and has received general approval. However, a difference of opinion has developed as to the details of the bill. Senator Argue in his speech on May 15 last stated in a clear and understandable manner exactly the main objection, which is that while the act is to remain in force until July 31, 1980, there is no escalator clause to take care of any increase in the cost of production. In my opinion this is a very valid objection. I have seen no figures, but I expect that the cost of producing wheat must have increased since September 1973. I do not believe anyone would be sufficiently rash to suggest that there is a guarantee against any further increase in the cost of production between now and 1980. Therefore, if the \$3.25 and the subsidy of \$1.75 gave a reasonable return to the producer of the grade of wheat involved when it was first given them, it is only logical to assume that he should receive a higher price as his costs increase. I understand, also, that the grade in question, No. 1 Canada Western Red Spring wheat, which is 13.5 per cent protein, is the most expensive to grow. Even if the prices provided in this bill are acceptable today, who knows what may happen in the next few years? I appreciate that clause 5.(3) is intended to provide a measure of protection. But, like Senator Argue, I do not feel that it will prove to be very effective. I, too, believe that the bill would be greatly improved by providing an escalator clause, or some type of indexing. In my opinion the producer of the wheat in question, and indeed, of all other grades of wheat, is entitled to a fair and reasonable return, not only for his labour but on his investment. He is also entitled, in my opinion, to extra compensation for the risks which are part of his work. Many factors are involved in both the growing and selling of wheat, over which the producer has no control. They are factors which can adversely affect him. If the weather is bad he runs the risk of a poor crop, or no crop. Even if there is a large crop, the grades may be down, as happened in the past year, in which case he would be again adversely affected by circumstances beyond his control. I believe that all these aspects should be taken into account when discussing the price a wheat producer should receive.

While Bill C-19 will be helpful, I wholly agree with Senator Argue in his statement that, while this is a moderately good bill, with one or two amendments it could be made into an excellent bill.

Some hon. Senators: Hear, hear!

Senator Bourget: We have a new farming expert on the other side of the house.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Molgat, seconded by the Honourable Senator McDonald, that this bill be now read a second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall this bill be read a third time?

Senator Petten: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Agriculture.

The Hon. the Speaker: Honourable senators, it is moved by Senator Petten, seconded by Senator Giguère, that the bill be referred to the Standing Senate Committee on Agriculture. Is it your pleasure, honourable senators, to adopt the motion?

Senator Molson: Honourable senators, on a point of order, I question whether it is correct to have the motion presented and seconded by members of the Senate who are not in the chamber. In my opinion it would have been more correct for the motion to have been moved on their behalf, or for two other senators to have moved and seconded the motion.

The Hon. the Speaker: I put the question in the names of Senator Petten and Senator Giguère. They are both here.

Senator Flynn: They know enough about it too.

Motion agreed to.

CRIME AND VIOLENCE

PROPOSED SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Eudes:

That the Senate considers it desirable that a special committee of the Senate be established at an early date to inquire into and report upon crime and violence in contemporary Canadian society.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, as Senator Desruisseaux has indicated a desire to continue this debate, does he have the consent of the Senate to do so?

Hon. Senators: Agreed.

Hon. Paul Desruisseaux: Honourable senators, it is warm today and therefore I do not intend to be long.

[*Translation*]

Two thousand years ago, Aesop voiced some advice that is still valid in this day and age: Beware of those who are unaware of their ignorance because they are dangerous.

This does not apply to Senator McGrand, who introduced Wednesday last a motion to establish at an early

[*Senator Bourget*.]

date a special committee of the Senate to inquire into and report upon crime and violence in contemporary Canadian society. His position and his views on the incidence of crime and violence in this country were brilliantly explained. He gave us food for thought.

Senator McGrand, a well known and highly respected physician, has a vast experience of Canadian social problems.

During his public career, he served for many years his fellow New Brunswickers as Minister of Health and Social Services. I believe he is now vice-president of the Canadian Federation of Humane Societies. His expertise on the matter now before this house is recognized.

[*English*]

I can go along with the greater part of the reasoning and argument of Senator McGrand on the incidence of crime and violence in our Canadian society. Moreover, I recognize the validity of the thinking of our experienced, dedicated and knowledgeable senator, and I support his motion.

There has been little or no major Canadian study of crime and violence in our society. The problem has not yet been subjected to any serious analysis. Our human behaviour regarding crime and violence in Canadian society needs to be looked into, and an inquiry into the causes of the increase would help in establishing effective deterrents toward curbing it.

It will be remembered by many senators that a few decades ago psychiatrists and psychologists were strongly advising parents not to punish, correct or reprimand their children, and never to inflict bodily punishment because it would destroy their initiative.

● (1420)

Senator Flynn: I have survived.

Senator Desruisseaux: Yes, with some injuries. Facing the facts of life and actual results, this advice has now been reconsidered and altered. If you read current books on child rearing, you will have to agree. It was found that such attitudes by parents towards their children resulted in the destruction of parental respect and authority, and created a sort of degenerated free moral behaviour. As well, it often brought about uncontrolled aggressiveness. It was no longer to be generally recommended for the guidance of our human society.

The human being is a strange animal indeed. In reading the Old and the New Testaments, which are mankind's greatest and most accurate historical documents of human behaviour, we find a history full of violence and crime. The family of our first parents started the violence with the killing of Abel by Cain, and that was without the help of violent television programs. Since then, crime and violence have continued to the present time in varying degrees. It is the accounting for the varying degrees, through deep probing, that may help to restore a better moral equilibrium in our society.

We have been given a degree of intelligence. We have in ourselves natural guidelines, and we are blessed with tested religious directives. It is up to us to see that these natural and religious guidelines are not set aside.

A crime is a crime, and society has a duty to prevent its occurrence or re-occurrence. Violence cannot be justified.

It can only be explained to some extent. Society must repress violence on all occasions to retain order. First of all we must try to prevent crime and violence, and when it occurs we must be sure to counteract it by punishing the transgressors equitably. That is the price of the preservation of a good society.

Senator McGrand referred to the harm caused by television shows depicting crime and violence. He believes it to be one of the principal causes of many of the troubles of our society. As far as I am concerned, it is poor parental upbringing that eventually sets the worst pattern of crime and violence in our young people. The taking over of the whole parental education by the schools has left a vacuum, because of the absence of direct, immediate family education in the upbringing of children.

If television programs contribute to crime and violence, as seems to be the case, I do not believe it can be singled out as the principal cause. To me, the abandonment of the primary education provided by parents, the absence of religious and parental discipline, the absence of recognized guidelines in life, have contributed largely to the present deplorable situation. Of course, to these can be added the effects of degenerated reading material in newspapers, magazines and books glorifying immorality and free love, and justifying crime and violence as a way of life which does but little harm to the individual and to society. I will also state here that the urbanization we so strongly advocate is perhaps one of the greatest causes of the breeding and propagation of violence and crime in our Canadian society. Statistics tend to show that.

Like Senator McGrand, I think a thorough committee inquiry into the problems of violence and crime in our contemporary Canadian society would help clear some of the general confusion that now prevails, and enable us to use to greater advantage many much needed deterrents. There seems to be no better way to do it efficiently, at least that I know of.

May I comment at this time that the Senate is very active in its committee work, although I must regretfully add that the media has yet to find its way to give it the full recognition it deserves. The Senate has nine standing committees, one special standing committee and six joint Senate and House of Commons committees. As we know, there are now ten vacancies in the Senate, with unfortunately more to come soon. There are approximately six or seven senators on chronic sickness leave.

A fair assessment of the situation in the Senate is that we have some 85 senators out of the possible 102 serving on a regular basis, with a minimum 70 to 75 per cent attendance record, I believe. Out of these, an appreciable number of senators are required to be on missions, assignments and special duties everywhere in the world. The remaining senators probably provide the highest attendance in any Senate anywhere.

The formation of a number of special committees or subcommittees has often been suggested, but we have scarcely been able to provide them, for the reason I have stated.

A distress signal should now be sent to the Prime Minister. Of course, the filling of the ten vacancies with good and experienced Canadians would be most helpful. Some-

how I feel that the Leader of the Opposition in the Senate would be appreciative of any relief given to the representatives on his side. When the decision to fill the vacancies is made, the magnanimity of the Prime Minister could do just that.

In the meantime, I will support the constructive motion of Senator McGrand to establish a special committee of the Senate to inquire into and report on crime and violence in our contemporary Canadian society. I believe it would be a constructive contribution.

On motion of Senator Petten, debate adjourned.

• (1430)

INDUSTRY

CANADIAN TEXTILE PROBLEMS—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to Canadian textile problems.—(*Honourable Senator Bourget, P.C.*).

Senator Bourget: Honourable senators, I should like to yield to Senator Perrault.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Raymond J. Perrault: Honourable senators, some days ago I promised to make a statement about the government's position vis-à-vis the textile policy. I have a brief statement which I should like to present to the Senate this afternoon. May I at the outset say that the government has no intention of allowing the Canadian textile industry to disappear. On the contrary, the record will show that the government has regularly taken prompt and positive action to aid the Canadian textile industry. The other day in the chamber I outlined some of the recent steps which have been taken in this regard. I should like to advise honourable senators that the Honourable Alastair Gillespie is currently reviewing with his Textile Policy advisers the 1970 policy developed by the Honourable Jean-Luc Pepin.

The position of the government at the present time is that the most useful way of studying the textile industry problems is by this departmental review. There is no present intention to introduce measures in the House of Commons to study this matter, in view of the review which is going ahead in the department. May I say, however, that in May of 1970, when the textile policy was enunciated in the House of Commons, the view of the government was that the Canadian textile industry was capable of meeting competition in Canada from the exports of developed countries without special measures of protection.

The Textile Policy specifically rejected the alternatives of guaranteeing the Canadian industry a specified share of the Canadian market as well as the protection of obsolete or obsolescent sectors of the industry. These were two of the main lines of the 1970 policy announced at that time.

It was explicitly, and implicitly, assumed that the Canadian textile industry would move progressively to

the manufacture of products where growing markets and/or reduced labour intensity would reduce their inherent disadvantages opposite developing countries. Government assistance, mainly through the amended General Adjustment Assistance Program, has been available to help the industry make such adjustments as are necessary.

Special measures of protection other than the tariff, that is, quantitative limitations on imports, were to be implemented only after an independent body, the Textile and Clothing Board, had conducted an inquiry and concluded that imports, in particular low-cost imports, were causing or threatening serious injury to Canadian production of the item or items under investigation.

As indicated previously, the role of the Textile and Clothing Board is to determine whether imports, notably from low-wage countries, are causing or threatening serious injury to Canadian producers and their employees, and, if so, to make appropriate recommendations to the government through a report to the Minister of Industry, Trade and Commerce on the special measures of protection considered necessary.

It should be stressed that the board is an independent body charged not only with examination of possible injury to the industry and its employees but also with taking into account the plans of the industry to improve its competitiveness, the interest of Canadian consumers and the obligations that Canada has assumed under international agreements such as GATT and the Arrangement Regarding International Trade and Textiles.

The board was not given, and has not assumed, the mandate to determine the government's policy in the textile field or to assure the continuation of the industry in a healthy or in an unhealthy state. It is the view of the government that the members and staff of the Textile and Clothing Board have been very diligent in carrying out the duties assigned to them by the act setting up the board. This was especially true in the three-month period ending February 28, 1975, when the board conducted a concurrent inquiry into six textile products.

It can be said that the board has not hesitated to use the provisions for emergency action as exemplified by the interim reports presented on broadwoven nylon filament fabrics and men's and boys' fine suits. Some of that information was given to the Senate the other day.

As I have mentioned, the Textile and Clothing Board has recently completed a concurrent inquiry into the impact of imports upon Canadian production of six textile products. This inquiry into broadwoven nylon and polyester fabrics, double and warp-knit fabrics, worsted fabrics, polyester-cotton fabrics and textured polyester filament yarn was undertaken at the specific request of the Minister of Industry, Trade and Commerce following his meeting in mid-November, 1974, with the labour-management committee of the Canadian Textile Industry. The committee had identified these products as priority items for examination. After a careful and detailed investigation of all the information and views presented to it, and taking into account the interests of workers and consumers as well as Canada's international obligations, the board found that serious injury was occurring or that there was a threat of serious injury because of imports of nylon and polyester filament fabrics, double and warp-knit fabrics

and worsted fabrics from certain sources. The board therefore recommended quantitative restrictions, which are now being negotiated with the countries involved. So the government is acting, and doing so directly and forcefully, to meet the problem which exists.

Use of the import permit mechanism, which was developed either to control imports or to obtain more specific information on imports, was also recommended in a number of cases. Since January 1, 1975, the government has placed certain textile products on the import control list.

Honourable senators, I suggest to you that the following list of products and their sources exemplifies the government's concern with the problem and the action which it is taking:

| IMPORT CONTROL LIST | |
|-----------------------------------|--|
| Product | Source |
| Cotton yarn | All countries |
| Nylon filament fabric | Korea, Poland, Taiwan |
| Polyester filament fabric | Korea |
| Worsteds fabrics | China, Czechoslovakia |
| Double-knit and warp-knit fabrics | All countries |
| Worsteds spun acrylic yarn | All countries |
| Textured polyester filament yarn | All countries |
| Men's fine suits | Korea, Taiwan, Hong Kong, Romania, Poland, Hungary |

In the case of textured polyester filament yarn, the Textile and Clothing Board considered the imposition of a duty surtax rather than the introduction of quantitative limitations of imports as the appropriate measure. The government decided that further information and analysis was required before taking a step involving such serious trade implications. This process should be far enough advanced before the end of May to enable the government to decide whether surtax action is warranted and appropriate. So there should be information about this particular problem this month.

Those who comment on the problems relating to polyester-cotton fabrics should bear in mind these following facts. Of the 16.1 million pounds imported in the first 11 months of 1974, 5.1 million pounds originated in the United States. These included a substantial volume of polyester-cotton sheeting which had been shipped from Canada to the United States for finishing and was thus being returned to Canada. Secondly, almost all imports of polyester-cotton fabrics from Taiwan were griegie fabrics, imported by Canadian fabric producers for finishing and subsequent sale in Canada. Some of the imports from Japan were of the same character, and this is another significant factor. There was a great deal of finishing right here in Canada.

● (1440)

The Textile and Clothing Board is currently inquiring into whether or not imports of men's and boys' suits are causing or threatening serious injury to the Canadian

producers, and an inquiry into rayon filament fabrics has been announced. In view of all these actions which the government has taken, and is taking, the suggestion of indifference on the part of the government, or of implementing a policy that adversely affects the people in any part of this country, or is detrimental or harmful to them, appears in all honesty to be unwarranted in the face of the evidence which the department produces. The Canadian textile industry is suffering from a severe recession which is worldwide. The problem of the Canadian textile industry is not unique, as I think honourable senators are aware. The textile industry in other countries is in serious condition and, indeed, in some parts of the world, in far more serious condition than it is in Canada. There are tentative indications that this decline may have run its course in other countries, and we may have reason to hope that this will soon be the case in Canada. When the recovery will commence, and the extent to which it will occur, are matters of conjecture, but the outlook is hopeful.

With regard to our international agreements, the Arrangement Regarding International Trade in Textiles was designed to achieve the progressive liberalization of world trade in textiles, while at the same time ensuring the orderly and equitable development of this trade. While it contains a number of safeguards against indiscriminate flooding of markets by imported products, it also recognizes the need for developing countries to enlarge their exports of textiles and textile products at a normal growth rate of at least 6 per cent a year. This growth rate can be held to a lower figure, but it is the view of the government that it should be only under very exceptional circumstances and clearly defined and stringent rules. The government considered, when it acceded to the arrangement, that an internationally supervised set of rules for trade in textiles provided the best hope for industry stability while also recognizing our interests in the improvement of the economies of developing countries. The government sees no reason to reconsider this decision. Accordingly, Canada must honour the international obligations it assumed under the arrangement.

I want to assure honourable senators of the continuing concern of the government regarding the problems facing those in the textile industry in Canada, wherever they may live in this country, and particularly for the workers whose incomes are very directly affected by the strength of that sector in our economy.

Senator Desruisseaux: Honourable senators, I realize that I brought this subject before the Senate, and I intend to pursue it at a later date, if I am allowed to do so after making a few comments at this time. I see that the Deputy Leader of the Government is indicating no. I wonder why.

Senator Langlois: I am not addressing that sign to you, my friend.

Senator Flynn: Are you closing the debate?

Senator Desruisseaux: I am not closing the debate. I wish to give the first part of my remarks today and then adjourn the debate until next Tuesday. Can I do that?

Senator Grosart: Yes, but it should be determined whether you are the last speaker.

Senator Flynn: You have already spoken in this debate.

The Hon. the Speaker: The honourable senator has already spoken on the subject. Does any other senator wish to take part in the debate?

Senator Desruisseaux: I would like to have the Senate's permission to make some concluding remarks.

Senator Flynn: Madam Speaker, the honourable senator wants to close the debate, so I think the house should be so advised.

Senator Croll: He does not want to close it today, though.

Senator Flynn: It does not matter.

The Hon. the Speaker: This is a debate on an inquiry, not a bill.

Senator Grosart: It is the same thing.

Senator Desruisseaux: Madam Speaker, if any other senator wants to speak now, that is fine. I can make my remarks later.

Senator Asselin: Honourable senators, I would like to ask the Leader of the Government a question concerning the government's policy on the textile industry. Will the leader agree to having this subject-matter referred to the appropriate Senate committee for study along the lines discussed here by certain senators?

Senator Perrault: I certainly do not resist the idea, but I would point out that the exceptional workload now being borne by the committees may make it very difficult to undertake such a study in the near future. As I say, I do not resist the idea of referring this important subject to a committee. Perhaps it would be appropriate to have some other expressions of opinion on the subject of this inquiry, which is important. But there certainly is a staffing problem as far as our present committee work schedule is concerned. Setting up another special committee would create additional problems. It would be especially onerous for members of the loyal Opposition, I suggest.

The Hon. the Speaker: Does the Honourable Senator Desruisseaux have leave to speak again?

Senator Desruisseaux: Honourable senators, I would like to make a few remarks, and then adjourn the debate.

Hon. Senators: Agreed.

Senator Desruisseaux: I am sure that the Leader of the Government is well aware that the textile manufacturers and the textile workers have been waiting for some two years for relief. I say to the Leader of the Government that their case is extremely important, as he readily admits, because for one thing the textile industry represents some 20 per cent of the total employment of Quebec. This statement will be substantiated later in my remarks.

This subject is of vital importance and we cannot wait any longer. Imports are increasing while we are having a depression. Having said this, I do not want to prolong the afternoon's session. I would like, with your permission, to come back next Tuesday and make a few comments on the report that we heard. I will then present some additional facts and statistics, and you will see for yourselves the problems of the textile industry. I do not intend to burden the Senate with statistics, but some of them are important.

The very fact that we are considering setting aside this problem in the Senate will surely have repercussions, certainly in my province where the problem is very serious. They will say, "The Senate started to inquire into the textile situation and then they stopped. Why?" I am not ready to see that happen in the Senate, and therefore I will present further arguments next Tuesday.

On motion of Senator Desruisseaux, debate adjourned.

● (1450)

SENATE AND HOUSE OF COMMONS ACT

REGULATIONS RESPECTING ATTENDANCE OF SENATORS—
SUBJECT-MATTER REFERRED TO INTERNAL ECONOMY,
BUDGETS AND ADMINISTRATION COMMITTEE

Hon. John Morrow Godfrey moved pursuant to notice:

That, pursuant to section 40 of the *Senate and House of Commons Act*, the Senate make regulations rendering more stringent upon members of the Senate the provisions of that Act that relate to attendance of senators and to deductions to be made from the sessional allowance and that, as a preliminary procedure in the making of such regulations, the following proposed regulations be adopted by the Senate for the purposes of section 3 of the *Statutory Instruments Act*:

Regulations of the Senate respecting attendance of Senators at sittings of the Senate and deductions to be made from the sessional allowance

1. These Regulations may be cited as the *Senate Attendance Regulations*.

2. A deduction at the rate of \$180.00 per day shall be made from the sessional allowance of a senator for every day

(a) beyond eleven, in the case of a Senator who represents the Province of Ontario or Quebec,

(b) beyond sixteen, in the case of a senator who represents the Province of Nova Scotia, New Brunswick, Prince Edward Island, Manitoba, Saskatchewan or Alberta, and

(c) beyond twenty-one, in the case of a senator who represents the Province of British Columbia or Newfoundland,

on which the senator does not attend a sitting of the Senate, if the Senate sits on such day.

3. (1) Subject to subsection 2, in each calendar year no more than a total number of 15 days on which a senator is unable to attend a session by reason of illness shall be reckoned as days of attendance at that session.

(2) Where in any calendar year the number of days on which a senator is unable to attend a session by reason of illness is less than the maximum number of such days that may be reckoned as days of attendance under this section for that year, the difference between that number and the maximum number may be added to the maximum number of such days that may be so reckoned under this section in any subsequent year.

(3) In this section, "calendar year" includes the year in which a person is appointed to the Senate.

[Senator Desruisseaux.]

He said: Honourable senators, before I deal with the substance of this motion, I think I should explain the reference therein to the Statutory Instruments Act. I was considerably surprised, I must confess, when I was advised that any regulation passed by the Senate was subject to the provisions of that act. I do not believe that when the act was passed it was ever intended that that should be the case; I think it was purely an oversight.

The result, however, is that the Senate cannot pass a motion involving a regulation without going through the procedures of the Statutory Instruments Act, which means that we must first decide what we are proposing, and we then submit the regulation to the Privy Council office. They consult with the Justice Department, and they consider whether it is *ultra vires* and whether the draftsmanship is in accordance with accepted standards, and then they advise us of any comments they may have. It is only after that is done and the motion is passed a second time, and registered under the provisions of that act, that it takes effect and becomes law.

In my speech to this house on May 7, on the second reading of Bill C-44, I discussed at some length the reasons why I was going to propose this motion. I do not intend to repeat what I said on that occasion, other than to try to clear up some misconceptions which appear to have arisen in the minds of some senators as to what I am trying to accomplish by this motion, and the purpose behind some of my remarks.

I thought I had made my position perfectly clear but, quite frankly, the reaction I got from some senators after I had finished my speech, as evidenced by their questions and comments, made me feel rather depressed, because I felt that it must have been a very poor speech indeed to have been so misunderstood. Such critical remarks as "infantile statistical analysis," and "inaccurate and unfair," are not exactly designed to boost one's ego particularly when the leaders of the three political parties represented in this chamber at the same time apparently accepted as gospel the really preposterous statement of Senator Lawson that there are more than 1,000 civil servants in Ottawa alone earning in excess of \$60,000 a year.

However, when I re-read my speech in *Hansard's* "blues" later that afternoon my spirits somewhat revived, because if my speech was misunderstood by some senators I really do not think that I was entirely to blame.

There is one other point I think I might mention at this time, and that is that some senators apparently felt that I had done the Senate a great disservice by stating in detail the statistics as to the number of days of sittings in each year in the Senate and in the Commons. One of the reasons I had set them out in detail, rather than just mentioning averages, was because if you examine the statistics in detail it will become apparent why in certain years the Senate, as well as the House of Commons, did not sit that often. These were, of course, election years, and they brought the yearly average down considerably.

What these statistics did show was that in recent years there has been a significant increase in the number of days the Senate has sat in non-election years, and a significant increase in relationship to the number of sittings of the House of Commons. There is certainly nothing to be ashamed of in the fact that the Senate averaged 54 per

cent of the number of sittings of the Commons. Any knowledgeable person understands why, and those who are not knowledgeable, and who are thus liable to be prejudiced against the Senate, think that we sit much less often than that, and probably will never be able to understand how this place really operates, and the great work it does, any better than I did until I had been a member of this house for some time.

Recently, the press has delighted on occasion in giving statistics as to the number of hours the Senate sits in a week, which is completely misleading. On a day when the Senate might sit for only half an hour there may well be many committee meetings going on all day, and the press is really giving a completely false picture when it publishes those figures without mentioning that the number of hours the Senate sits during a week is no indication whatsoever of how hard senators work, because attendance at committee meetings usually takes up the majority of our time on the days when the Senate is sitting.

Now, can I rightfully be accused of being equally misleading when I gave the figures showing the relative number of sitting days of the Senate and Commons in each of the last 11 years? Certainly not. In my opinion—and I feel very strongly about this—I would have been misleading and less than frank if I had not given these figures when debating the question of whether or not senators should be paid the same sessional indemnity as members of the Commons. Any argument—and do not forget that I was arguing that they should—must be based on the actual facts, and not on concealment of them. Honourable senators who objected to my giving the figures must have their heads in the sand if they think for one moment that members of the press, the media and the public generally are not fully aware of the fact that the Senate sits much less often than the Commons. Who do we think we are kidding if we do not disclose the actual figures, which the media and anyone else can obtain in a few minutes, just as I did?

Senator Manning, as you may recall, did use as one of his arguments as to why senators should not be paid as much as members of the Commons the fact that we did not sit as often. While admitting the facts and giving the actual figures, I pointed out that from personal experience—and I quote from my own speech—"the conscientious senator has no difficulty turning his duties into a full-time job when Parliament is in session." I also stated that there are other senators who, while not making it a full-time job, make an excellent contribution, often at considerable financial sacrifice, and that these senators should also, in my opinion, receive the same sessional allowance as members of the House of Commons, but I made this caveat, namely, provided they are regular in their attendance.

Her Honour, the Speaker, in her speech on Senate reform, which I quoted and will quote again, said:

Devotion to work is obviously related to the interest shown in the sittings of the Senate as well as those of the standing committees.

I completely agree with that statement. If a senator consistently does not turn up for sittings of the Senate or of the standing committees of which he is a member, and, I should add, investigative committees—and in that respect

I am thinking of the outstanding work of committees chaired by men like Senator Lamontagne and Senator Croll—then I find it impossible to believe that such a senator is either devoted to his work or makes any meaningful contribution to the work of the Senate. There is no way that it can be argued that such a senator should be paid the same as members of the House of Commons or as much as the conscientious senators unless, of course, you happen to agree with the statement made by Senator O'Leary 20 years before he was appointed to the Senate, that a senatorship is not a job, it is a title, and that it is wrong to think of the Senate as a place where people are supposed to work, because pensions are not given for work. I disagree most emphatically with Senator O'Leary, and I am sure he has changed his own mind in the matter. If there is anyone in this house who really believes that a senatorship is just a substitute for a pension they certainly have not admitted it to me.

● (1500)

In any event, it has long been the established principle in this house that the compensation of senators should bear some relationship to their attendance, and that they should be penalized for non-attendance without excuse. I am saying that we should look at this question at this time, now that we have received a significant increase in our indemnity and sessional expense allowance, in view of the fact that the last time anything was done about this was in 1963. At that time, when the sessional allowance was increased from \$8,000 to \$12,000 per year, the daily deduction from the sessional allowance for non-attendance was increased from \$40 to \$60, plus \$60 from the expense allowance.

If it was logical to have a total daily deduction of \$120 for non-attendance in 1963, when the sessional allowance was \$12,000 and the expense allowance was \$2,000, then surely it is logical to have the total at least doubled in 1975, now that we are getting \$24,000, plus an expense allowance of \$5,300. Furthermore, how can anyone seriously argue that the permissible days of absence without excuse for senators should ordinarily be the same as for members of the House of Commons, when we sit much less often?

I arrived at the 11-day figure for senators from Ontario and Quebec by simply multiplying 21 by 54 per cent, which produces 11.34 days, and I rounded it down to 11. I thought there should be some recognition of the fact that senators other than those from Ontario and Quebec do have much more onerous travelling problems—so onerous in fact that there are a fair number who have permanent residences in Ottawa and who spend a great deal more time here than senators from Ontario and Quebec. Admittedly, I was arbitrary in picking out the figure of 16 for those from the Maritimes and the Prairies, but if someone has a better idea let us hear about it.

I would like now to deal with some of the specific comments made and questions asked during my speech on Bill C-44. When I ended my speech by stating that the permissible days of absence on account of illness should be limited to 15 days per calendar year, which would be fully cumulative, Senator Flynn asked me how my health was. That question reminds me of my wife's immediate reaction some months ago when I told her what I intended to

propose. She said, "Why do you want to push that sort of thing? You may have a stroke some day, and then you will be sorry." An honourable and, I might add, a personally friendly senator, who happens to be well aware of my medical history, made exactly the same remark to me after I had made my speech.

Senator Molson brought up the question of committee attendance. He stated:

If we are going to start modifying the basis on which we receive our just reward for our just effort, some consideration at the same time should be given to the very valuable work done by many of our committee members who meet on days or at times when the Senate itself is not sitting.

As to sitting on days when the Senate is not sitting, I stated that in my limited experience Senate committees have met on the same days as the Senate sits—namely, Tuesdays, Wednesdays and Thursdays. Senator Molson, as reported at page 875 of *Hansard*, said:

Not necessarily. That is not fair.

I replied:

If that is wrong, I would like honourable senators to point out the number of days in this session, not on Tuesdays, Wednesdays and Thursdays, that Senate committees have met.

Having received no reply or information from any senator on that subject, I got in touch with the Director of the Committees Branch, who has a record of all dates and times that Senate committees have met, and I asked him if there were any days since this session started on which any Senate or joint Senate-Commons committees had met other than the days that the Senate itself sat. He replied in writing that there were not. Since I received that letter the Special Joint Committee on Immigration Policy has taken to the road and did meet last week on Monday night in Montreal, and on Friday morning in Quebec City. It will be meeting on Mondays or Fridays on five other occasions before completing its tour across Canada.

I am well aware, of course, that when investigative committees such as the Special Senate Committee on Poverty and the Senate Special Committee on Science Policy were operating they sat on many days when the Senate was not sitting. I would be surprised, however, if there were not on those committees certain senators who were not reasonably faithful in their attendance.

In closing the debate, Senator Perrault disclosed his own concern, and the concern, I understand, of many other senators, at my giving certain figures when he stated:

Some so-called attendance figures may appear in your favourite newspaper tomorrow—and it will be possible to question and refute every one of them.

When he made this statement in his speech I thought he was being unduly concerned, and the press reports since confirm my opinion. I did not really think that the press would consider the average attendance figures I gave as news, particularly as they were much better than the impression the public now has as to the average attendance in this house. I should have pointed out, however, that there are, of course, senators absent on public business from time to time, just as a number of us were absent

last week because we were attending the hearings of the Special Joint Committee on Immigration Policy in Quebec. To give the correct impression, as Senator Desruisseaux has pointed out, such senators should be taken into consideration when figures are given as to attendance at sittings of this house.

Ordinarily there is only one reporter in the Senate press gallery, and that is the one representing Canadian Press. That organization has a propensity for quoting remarks which make individual senators and, by implication, the Senate look foolish. How did the press report our debate on the salaries bill? Well, as to the press I saw, the *Gazette* and the *Globe and Mail* completely ignored the whole debate, and the report which appeared in the *Toronto Star* did not contain a word about my speech, but did mention Senator Manning's proposal that members of the House of Commons should receive less for their first and second terms than veteran MPs who had served longer. Senator Manning's proposal, of course, would have resulted in men like C. D. Howe, John Diefenbaker, Louis St. Laurent, Lester B. Pearson, J. W. Pickersgill, Pierre E. Trudeau and Marc Lalonde receiving less as members of Parliament during their first and second terms than veteran backbenchers.

The only other statement mentioned was the following by another senator:

Let us just wonder why we did not have guts enough to go ahead and take the 50 per cent that we should have taken in the first place.

The Canadian Press, in giving prominence to that remark in their news story, probably did so because they thought it represented the thinking of senators generally. Incidentally, I must give the press full marks for showing common sense and a high degree of responsibility when they did not report Senator Lawson's statement about the 1,000 civil servants in this city earning in excess of \$60,000 a year which, if it had been true, surely would have been one of the stories of the year from Ottawa.

The *Ottawa Journal*, did, two days later, contain a verbatim report of my speech copied from the Senate *Hansard*, starting at that point on page 872 where I stated that I had found from personal experience that the conscientious senator has no difficulty turning his duties into a full-time job when Parliament is in session. Even that paper did not think its public would be interested in a detailed bunch of statistics about the sittings of the Senate, and they did not report any part of my speech which came earlier. The headline of their report read: "A Proposal to Catch Truant Senators," which I think demonstrated that the headline writer of that paper had a greater appreciation of what I was trying to accomplish than some honourable senators.

We all have read that there has been talk about Senate reform ever since this body was founded in 1867. Mr. King used to talk a great deal about it in the twenties. Mr. Diefenbaker threatened to fight an election on the issue in 1962, after the Senate had amended the Customs Tariff bill to provide for the right of appeal from arbitrary decisions of the Minister of National Revenue. Mr. Diefenbaker never went ahead with that threat, and it was never mentioned during the 1962 election. We have recently had a report on constitutional reform, which included pro-

posals about the Senate. Now we have heard from the Prime Minister that he is definitely going to do something about it and, knowing the Prime Minister as I do, I believe that he will.

However, I do not think it behooves the Senate to sit back and leave the initiative with the Prime Minister and the Government. To the extent that we can reform ourselves, we should do so. I have pointed out one area in which we can effect immediate reform. I believe this is the right time to do it. We have just received a substantial increase in our indemnity, and a bill has been introduced in the other place rectifying the unfair anomalies respecting the pensions of senators appointed for life. If they are seriously affected by my motion they will be able to retire, when the new pension legislation is passed, with a decent pension.

I have made my suggestions in this motion. I honestly believe, if my suggestions are accepted, that the prestige of the Senate and its members will be greatly raised—not necessarily with the general public right away, because we cannot expect miracles, but certainly with a lot of people who count, including the members of the government, who will have a great deal to say in the not too distant future about the form and powers this body will have.

● (1510)

I believe sincerely that it is in the long-term interests of the Senate in general, and the conscientious members of the Senate in particular, that we pass this motion, and pass it without delay without appearing to drag our heels. Above all, and most important, I believe it should be passed because it is the right and proper thing to do.

MOTION IN AMENDMENT

Hon. Eric Cook: Honourable senators, It seems to me there may be some merit in studying Senator Godfrey's motion in committee rather than debating it in detail in this chamber, because with the information now before us a debate here would not serve any useful purpose. Following careful committee study of the motion, and hearing all the evidence, a degree of agreement on the thrust of the proposal may emerge. The committee could then report back to the Senate on what further action should be taken.

With that in mind, and with leave of the Senate, I move:

That the motion be not now adopted but that the subject-matter thereof be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Senator Flynn: You do not need leave.

Senator Langlois: Question?

The Hon. the Speaker: Senator Cook, do you have a seconder for your motion?

Senator Croll: I will second it.

The Hon. the Speaker: Senator Croll, are you the seconder?

Senator Cook: Yes. I move, seconded by Senator Croll—

Senator Molson: Honourable senators, before the motion is put, I should like to say that Senator Godfrey has done a useful service in bringing many of these mat-

ters into question. I do not quarrel with that. However, I am not completely happy with what he has recommended because in my opinion, he has not gone deep enough into the role which the Senate has played.

It is easy to say that he has not been here for very long but in my opinion, he has been here long enough to know the Senate, and he has fitted in very well. However, when he makes statements to the effect that he has checked with the Director of the Committees Branch as to whether any committee has sat during this session on days other than those on which the Senate has sat, I point out that that is really not an answer to what I suggested to him the other day.

Those of us who have been in the Senate for a few years longer than Senator Godfrey can recall Senator Croll's Committee on Poverty, the Special Committee on Land Use, and the committee that studied drug legislation some 20 years ago. Those committees sat on many days when the Senate was not sitting, and in places other than Ottawa.

Senator Langlois: Also the Science Policy Committee.

Senator Molson: Yes, that is true of many committees. It is simply not right to leave the impression that committees of the Senate normally sit only when the Senate has already been summoned back and senators receive their indemnity. It is just not so, and I rise to make this protest.

The Senate committee that dealt with drug legislation was established before I came to the Senate; it must have been in about 1953 or 1954. For over 20 years the Senate has had active committees, and the only limitation on their times of sitting has been the demand of the job they were undertaking.

Honourable senators have faced up to their responsibilities. They have done what was necessary to accomplish their task, and they have given freely of their time without worrying about whether the Senate was sitting next Tuesday, Wednesday, or on any given day.

To that extent, I wish to go on record as saying that Senator Godfrey has not done a useful service in leaving the impression that committees sit only when the Senate is sitting.

Apart from that, the question concerning those who do not attend, particularly now that the indemnity has again been raised, is a valid one. I do not disagree with Senator Cook's suggestion that the matter should be referred to committee.

However, I do not wish to leave the impression—which I am afraid I have received from Senator Godfrey's speech—that senators are here just to take the money and not provide service.

From my personal experience and observation over the years, I would say that senators have served to the best of their ability whenever they have been called upon to do so, and they have done so cheerfully. Certainly they have taken the indemnity which went with it, but there are few people in this country or the world who can serve for nothing.

Senator Croll: I should like the opportunity of expressing my views, since Senator Molson has raised the point. When I first came to the Senate, almost 22 years ago, the

major work before the Senate was the matter of divorce. We dealt with all the divorce work which came from Quebec and other provinces. We sat here on Mondays, Tuesdays, Wednesdays, Thursdays, Fridays and Saturdays.

Hon. Senators: Hear, hear!

Senator Croll: The work was done in committee. We sat each morning, and again each afternoon if necessary. Those of us who were lawyers had to take the disputed cases, which were long and difficult.

As a result, we were responsible for the enlightened legislation on divorce that followed. That was very important. The recommendations which were brought into effect—one being that county court judges deal with divorce cases—have been most helpful.

There is another important aspect, which the honourable senator's comments have brought to my mind. During the course of the Canada Pension Plan committee hearings we gave up our Christmas holidays because we wanted the bill through. About eight of us stayed here for three or four weeks. We received no allowance. We paid our own hotel bills. In the end, McCutcheon and I agreed that we should vote an allowance for living expenses, but the NDP said no; that they would raise it on the floor of the house. McCutcheon said, "Let's forget it," so we forgot it, and that was the end of that. It is as well to remember those events.

On the Aging Committee—I have the figures upstairs—and the Poverty Committee—

Senator Grosart: You mean the Committee on Aging.

Senator Croll: Yes, the Committee on Aging, and also the Poverty Committee, sat for 185 days over a period of five years. I have the figures upstairs. I did not think this matter would arise. Not all of the members of the committee were present for all of those 185 days, but enough were there to constitute a committee. Some almost lived here. During that time, the chairman, the vice-chairman and others paid their expenses, and said nothing about it. Those expenses amounted to a fair sum.

Senator Lamontagne's committee sat under similar circumstances. His committee sat when the house was not in session. No one came to the Senate and complained. The work had to be done, and we did it.

● (1520)

I am not suggesting that we are overworked, but we should not be kicked about or condemned for something we did not do. What Senator Godfrey says is true inasmuch as it has not happened since his appointment to this chamber, but he is a new boy.

Senator Flynn: He will continue to appear to be a new boy.

Senator Croll: He did not read the record over the years, and that has to be done. I know what he is getting at. There are many things that need to be done, and they will be done. One cannot accomplish reform alone. Whatever reform needs to be carried out, we have to get it together in a package and sit down and look at it in an effort to get it done.

[Senator Croll.]

There are things far more important that need to be done by way of reform than that which has been considered today. Whether there is a deduction of \$60 or \$120, or whatever, does not really make any difference at all. That is not really a reform of the Senate. It is not going to reduce anyone's tax and it is not going to give anyone an advantage that he or she does not already have. When this matter is before the committee, that should be kept in mind. I intend to present the other side of the coin during the committee hearings so that the committee has a balanced picture of what is going on.

While we are on the subject of the Senate, I would mention that there are several appointments to be made, and we are not going to get those appointments until something is done about reform. Honourable senators are well aware of my views on that subject, but something has to be done by us; if not, it will be done by someone else. We might as well get down to doing it as quickly as possible.

I am pleased to second the motion that this subject-matter be referred to committee.

Senator Greene: Honourable senators, I rise on a point of order.

I would point out to honourable senators, and the Chair, in particular, that this resolution surely affects the balance of national accounts. That being so, it can only be dealt with by way of Treasury Board resolution presented by the Governor in Council. Therefore, I suggest that this resolution is outside the authority of the Senate.

Senator Croll: No. I think this would be a good exercise for us. We ought to participate in it.

Senator Godfrey: In reply to that, the opinion of the Law Clerk and Parliamentary Counsel is that it is in order.

Senator Lamontagne: Honourable senators, I do not intend to oppose the motion. However, I should like to make a few comments.

The debate up to now concerning the role of honourable senators has been, in my view, limited to the sittings of the Senate and the work of its committees. One very important area has been completely forgotten, that being the activities of senators outside the Senate on public business.

Many honourable senators are involved in making speeches across Canada, and in participating in meetings in the public interest. I think there are some in this chamber who devote more time to that area of activity than to the work of the Senate itself. In my opinion, it is very important for honourable senators to participate in that area, and I hope that when the committee considers this proposal in relation to the activities of the Senate, it will extend its inquiry to the outside activities of honourable senators.

Senator Carter: Honourable senators, I rise to ask a question. Before putting my question, however, I should like to complete the statement made by Senator Croll.

Soon after my appointment to this chamber, which was in 1966, the Special Senate Committee on Poverty held sittings all across Canada. In 1967 or 1968 the house adjourned at around the end of June, and for all of July

and part of August the Special Senate Committee on Poverty travelled back and forth across Canada holding meetings. Following that, the Banking, Trade and Commerce Committee started its hearings in connection with the White Paper on Tax Reform, and, concurrent with that, the Science Policy committee held hearings.

As a result, the five or six senators who happened to be members of all three committees worked the whole summer with only a couple of weekends off. Senator Molson can verify that as he was a member of the Banking, Trade and Commerce Committee at that time, as can Senator Lamontagne. In addition to that, if there were expenses to be borne, we bore them ourselves. Not a word was ever printed about what the Senate was doing in that respect.

Now for my question. As I understand it, the motion is to refer this matter to the Standing Committee on Internal Economy, Budgets and Administration. That committee does not print its proceedings. I am wondering whether an exception could be made in that policy so that the proceedings of the committee on this subject-matter are printed. I think it is a matter of public interest, and the proceedings should be printed.

Senator Laird: Honourable senators, as chairman of that committee, this comes as a surprise to me. I was not aware that there would likely be this reference. Therefore, the question raised by Senator Carter will have to be taken into consideration. Also, I should warn the mover and seconder of the motion that the committee does have very important and pressing matters to deal with in the next six weeks. We cannot guarantee that we can turn our attention to this matter until next fall. Subject to that, I am willing to take it on.

Senator Flynn: Give it proper consideration.

Senator Prowse: Honourable senators, since this matter is to be referred to a committee, I am wondering why it is not being referred to the proper committee, which is the Committee on Standing Rules and Orders, as provided under rule 67(1)(e).

An Hon. Senator: No, no.

Senator Prowse: That may be too logical a thing for this house to absorb in one simple movement, but it seems to me that this subject should be referred to the Standing Senate Committee on Standing Rules and Orders.

If it is the wish of honourable senators to refer the matter to the Internal Economy Committee, there are certain things in what Senator Laird has said that do not commend that action to me. I suggest that some thought be given to referring it to the proper committee.

Senator Robichaud: Honourable senators, there have been many remarks about the functioning of the Senate and its operations. Senator Croll referred to the "new boys" of the Senate, the newcomers, of which I am one. I have been a senator for about a year and a half, and I am proud to be a senator. I am proud of the job I feel I am accomplishing, together with my colleagues, for the benefit of the people of Canada. Whatever remuneration is paid to us, it is well deserved. As Senator Lamontagne has stated, we do not work only in the Senate itself, or in the committees of the Senate. We work with the public at

large, day in and day out, throughout the country. The amount of money paid to senators is, to me, almost irrelevant, as Senator Molson has said.

● (1530)

The members of this house were dedicated before their appointments, and they still are—so much so that it is now a quarter to four and we have two committee meetings after the Senate rises. I suppose many senators would like me to say, "Let us go on with the committee meetings," and sit down. However, I cannot do so without leaving you with this message.

I believe that the amendment to refer the subject matter of the motion to the Standing Committee on Internal Economy, Budgets and Administration is in order, but I will vote against it because I do not think it should go before that or any other committee.

The original motion should be defeated, because I feel that this house is doing a fair and competent job for the people of this country. I make no apologies to anybody. I hope, indeed I know, that all my colleagues feel likewise. I will vote against the amendment to refer the subject matter of the motion to the Internal Economy Committee, and I will also vote against the motion of Senator Godfrey. It is perhaps a good thing that he brought certain matters to the attention of the Senate, although many of them we already knew.

Before resuming my seat, I repeat that I am proud to be a Canadian senator. I will continue to do my job, to perform my function, and I am very anxious right now to go to a committee meeting, which is to be followed by yet another committee meeting later this afternoon.

Senator Perrault: May I inquire, Madam Speaker, whether the point of order raised by Senator Greene has been dealt with?

The Hon. the Speaker: I think no point of order arises. I am advised it is a legal opinion, but we are not dealing with a bill. That is the problem. If I understand it correctly, Senator Greene's objection is based on rule 62, which says:

The Senate shall not proceed upon a bill appropriating public money that has not within the knowledge of the Senate been recommended by the Queen's representative.

Senator Croll: Honourable senators, in view of what Senator Laird said, which I think is quite right, I would ask that the matter be referred to the Standing Senate Committee on Standing Rules and Orders, which has been dealing with this matter.

Senator Flynn: No.

Senator Grosart: A ruling has been made.

Senator Croll: I think it is the appropriate committee.

Senator Flynn: No.

Senator Croll: Why not?

Senator Flynn: It is not a question of the rules of the Senate.

Senator Croll: It is a matter of the rules.

Senator Flynn: It is a question of administration.

Senator Croll: It is a matter of the house, but I think it belongs there.

Senator Robichaud: Honourable senators, if no committee is going to take care of this matter, I wonder if we should not vote on the original motion so as to dispose of it immediately.

Senator Flynn: How can we?

Senator Greene: It is out of order. Madam Speaker ruled it out of order.

Some Hon. Senators: Question.

The Hon. the Speaker: It is moved by the Honourable Senator Godfrey, seconded by the Honourable Senator Cook:

That, pursuant to section 40 of the *Senate and House of Commons Act*, the Senate make regulations rendering—

Hon. Senators: Dispense.

The Hon. the Speaker: In amendment, it is moved by the Honourable Senator Cook, seconded by the Honourable Senator Croll:

That the motion be not now adopted but that the subject-matter thereof be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: Will those in favour of Senator Cook's motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it. The motion in amendment of Senator Cook is carried, on division.

Senator Langlois: The motion as amended?

The Hon. the Speaker: The motion in amendment is carried. The subject-matter is referred to the committee.

Motion in amendment agreed to, on division.

ONTARIO AND QUEBEC PROVINCIAL POLICE

MOTION TO AUTHORIZE LEGAL AND CONSTITUTIONAL
AFFAIRS COMMITTEE TO CONSIDER FINANCIAL
COMPENSATION BY FEDERAL GOVERNMENT—DEBATE
ADJOURNED

Hon. Jacques Flynn moved pursuant to notice:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider the question of financial compensation by the federal government for the maintenance, by the Provinces of Ontario and Quebec, of their own police forces.

[Senator Flynn.]

He said: Honourable senators, I am quite sure that if this matter is somewhat controversial, it will not be as controversial as the one raised by my good friend, Senator Godfrey. However, I assure you that I will not present it in the same light, or in the same perspective, as he did his motion.

Honourable senators will remember that Senator Deschatelets raised this problem on an inquiry. Several honourable senators spoke on the inquiry, and the Deputy Leader of the Government, Senator Langlois, adjourned the debate on the inquiry. I was hoping that he would say something before I moved that the matter be referred to the Standing Senate Committee on Legal and Constitutional Affairs. However, perhaps he prefers to reply to my speech proposing that this question be dealt with by that committee.

As I said when I spoke in the debate on the inquiry introduced by Senator Deschatelets, I do not intend to take sides as between Ottawa, on the one hand, and the Attorney General of Quebec on the other, and, incidentally, the Attorney General of Ontario. I am having difficulty in deciding who, if anybody, is on the side of the angels in this matter. Everyone would agree that all the provinces of Canada must be treated fairly and with equal justice by the federal government. Everyone would also agree that the provinces have a constitutional right to have their own provincial police forces.

Ever since Confederation, Ontario and Quebec have exercised that right under the Constitution. They have maintained their own provincial police forces entirely at their own expense. They have received no financial compensation from Ottawa. Indeed, to my knowledge there is no record of their ever having asked for any up to now. On the other hand, I believe all other provinces have from the time of their joining Confederation relied on the RCMP to supply provincial police services.

Senator Perrault: That is not correct.

Senator Flynn: I thought that was the case, but if I am wrong I am prepared to stand corrected.

Senator Prowse: Actually, the Northwest Mounted Police were established to serve the Northwest Territories. When the provinces were formed they set up their own police forces, and these were disbanded in the depression.

Senator Perrault: In British Columbia, Senator Flynn, the provincial police force existed until the 1950s, at which time I believe it was found more satisfactory to accept the invitation of the federal government to have the Royal Canadian Mounted Police assume provincial policing responsibilities.

● (1540)

Senator Flynn: Then I do stand corrected. In any event, the correction does not vitiate my argument, because if the provinces thought it was preferable to have the RCMP supply police services, they must have had good reasons for so thinking—undoubtedly financial reasons. That is the point I wanted to make.

As Senator Manning mentioned, at the outset of their various agreements with Ottawa, the other provinces paid next to nothing for the services of the RCMP, while the taxpayers of Ontario and Quebec were, in effect, financing

their own provincial police forces and subsidizing the services supplied by the federal police force to the other provinces, at whatever time that took place.

Over the years, the share paid by the provinces of the expense of having the federal police force supply provincial services has increased. In 1964 the cost-sharing formula that had been arrived at was 60-40, with the federal government paying the larger share. The arrangement also provided that between the years 1966 and 1976 the share paid by the federal government would diminish by 1 per cent per year, while that paid by the provincial governments would increase by 1 per cent per year. In other words, by 1976 the federal government would be paying 40 per cent of the costs while the provincial governments would be paying 60 per cent.

With policemen demanding higher salaries, equipment costing more to buy, and citizens clamouring for better protection, the Quebec and Ontario governments have finally decided they want a piece of the police-cost benefits available to the other provinces. They want financial compensation. They want a subsidy equal to that paid to the other provinces. And they want to maintain their own police forces.

I think it was Senator Deschatelets who said that this discussion between Ottawa, on the one part, and Ontario and Quebec, on the other, had started off rather badly. In fact, the debate has been very acrimonious. So much emotion and personality has been injected into the exchanges of opinion that the finer points of the arguments made by both sides have been obscured. I, for one, should like to hear for myself the arguments which the parties to this dispute have been making. To that end I have approached the Attorney General of Ontario, the Honourable John Clement, and the Minister of Justice of Quebec, the Honourable Jerome Choquette, both of whom have assured me that they would be quite interested in appearing before a committee of the Senate to explain their position for the benefit of senators.

Personally, I think we have a job to do here. In part, we were constituted to do this sort of thing—to see to it that

provincial rights are protected. If these provinces have not a legal leg to stand on, then it may be that equity would dictate that the federal government's position and attitude ought to be different and ought to be changed or corrected. I hold no brief for either party in this matter, but I do want to get to the bottom of this question. I want to know if the various claims made by either side are justified.

For that reason, honourable senators, I move that the matter be referred to the Standing Senate Committee on Legal and Constitutional Affairs. In doing so, I make my excuses to the chairman of that committee, which I know is rather busy. However, the committee should be able to find two or three days in which to hear the Attorney General of Canada, the Attorney General of Ontario and the Minister of Justice of Quebec. I look forward to that committee's report to the Senate, and will be interested in hearing its opinion on this matter.

Hon. Léopold Langlois: Honourable senators, Senator Flynn referred to the fact that I had adjourned the debate but had not pursued the matter. My reason for adjourning the debate was simply that I thought the matter was of sufficient importance that it should not be disposed of by this house until full debate had taken place. In other words, I was merely keeping the debate alive in order to allow senators, who would otherwise have missed the opportunity, to take part in it.

Incidentally, as the debate proceeded I discovered that its substance was more or less based on an exchange of correspondence between the responsible ministers. I felt, too, that we should go further into that aspect of the matter before concluding the debate. It does seem appropriate that we should get the facts directly from the Attorney General of Ontario and the Minister of Justice of Quebec, as well as from the Solicitor General of Canada and the various officials involved. In that respect I fully agree with Senator Flynn that the matter should be referred to committee. I should like to reserve the right to debate it further once we have the report of the committee.

On motion of Senator Perrault, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 22, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Standing Committee on Internal Economy, Budgets and Administration, dated May 22, 1975, covering revised rates of pay for certain employees of the Senate.

INTERNAL ECONOMY

COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS—SUPPLEMENTARY BUDGET TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the supplementary budget presented to it by the Joint Chairman of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments for the proposed expenditures of the said committee with respect to its review and scrutiny of statutory instruments pursuant to the report adopted by the Senate on October 29, 1974.

COMMITTEE ON BANKING, TRADE AND COMMERCE—BUDGET TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the budget presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for the proposed expenditures of the said committee with respect to its examination and report upon the subject matter of the Bill C-60, intituled: "An Act respecting bankruptcy and insolvency," in advance of the said bill coming before the Senate, or any matter relating thereto, authorized by the Senate on May 13, 1975.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1) (i), moved:

That the name of the Honourable Senator Perrault be substituted for that of the Honourable Senator Fergusson on the list of senators serving on the Special Joint Committee on Immigration Policy; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, May 27, at 8 o'clock in the evening.

Honourable senators, as is usual, I shall give you a brief summary of what can be expected in the Senate and its committees next week. First the committees. The Standing Senate Committee on Legal and Constitutional Affairs will meet on Tuesday at 11 o'clock in the forenoon and at 2 o'clock in the afternoon to consider this committee's report on Bill S-19. The Special Senate Committee on Science Policy will meet at 4 p.m., and the Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 8 p.m.

On Wednesday, the Standing Senate Committee on Banking, Trade and Commerce is scheduled to meet in the morning at 9.30 when Bill C-32, the Petroleum Administration Act, will again be considered, and when the Senate rises the Standing Senate Committee on National Finance will continue with its examination of the Manpower estimates.

On Thursday, the Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 9.30 a.m. and at the same time the Standing Senate Committee on National Finance will hold another meeting on the Manpower estimates. At 10 a.m. the Standing Senate Committee on Transport and Communications will meet to consider Bill C-5, and in the afternoon a meeting of the Standing Joint Committee on Regulations and other Statutory Instruments has been set down for 3.30.

In the Senate we shall continue with the items on the Order Paper and proceed with any legislation that may come to us from the other place. In addition, it is expected that a number of bills will be reported back to the Senate from the various committees, notably Bill S-5, Bill C-5, Bill S-19 and Bill C-32.

Senator Laird: Honourable senators, could I draw to the attention of the deputy leader that for once the Standing Senate Committee on Legal and Constitutional Affairs is not sitting in the morning, but at 2 p.m. on Tuesday.

Senator Langlois: That is what I said.
Motion agreed to.

TELEVISION

COMMERCIAL ADVERTISING MESSAGE—USE OF PICTURE OF PARLIAMENT BUILDINGS—QUESTION ANSWERED

Senator Perrault: Honourable senators, on Thursday, February 20, a question was asked in the Senate by Senator Davey with respect to a commercial advertising mes-

sage allegedly telecast for Guaranty Trust on television station CBLT at 7.10 p.m. on February 14.

Senator Davey asked three questions, the first being:

Did Guaranty Trust receive permission from the Government of Canada to use this picture of the Parliament Buildings in its advertising?

I am informed that Guaranty Trust did not receive permission from the Government of Canada to use the picture of the Parliament Buildings in the commercial described by Senator Davey.

Section 17(2)(c) of the Copyright Act provides that the publishing or photographing of any architectural work of art does not constitute an infringement of copyright. The Parliament Buildings are, I have been informed, an architectural work of art of the Italian Gothic style. As such, simply showing a picture of the Parliament Buildings would not ordinarily require that permission for such publishing or photographing be sought and given.

The second question was:

Is such permission needed?

The third question was:

If so, is such permission ever granted?

In answer to questions 2 and 3, let me advise honourable senators that the Speaker of the House of Commons and, I would think, the Speaker of the Senate, as representatives and spokesmen for their respective members, have in the past advised and directed those in the Press Gallery what use may be made of that part of the building over which the House of Commons and the Senate have control. For example, at one time television cameras, as honourable senators will recall, were allowed in the corridor opposite the House of Commons chamber. This no longer takes place and a room has been provided on the first floor for television interviews. It occurred as a result of a directive given by Mr. Speaker in the other place because he is charged with the control over the precincts on behalf of the members, and this, I am informed, will continue until the house orders otherwise.

Therefore, in summary, permission for showing the Parliament Buildings in regard to the commercial message sponsored by the Guaranty Trust Retirement Savings Plan is not, *per se*, restricted by the Speakers of the House of Commons and the Senate. However, I have no doubt that should a blatant commercial use be made of the premises of Parliament, it would constitute a contempt of Parliament.

Question 4 was:

Is permission needed from the Department of National Revenue for this kind of commercial approach and, if so, was such permission granted and why?

I am informed that the Guaranty Trust Company did not approach the Department of National Revenue regarding the filming of the commercial, and as far as can be ascertained there would be no legal requirement for them to do so.

Senator Davey's questions raise important issues about the use of government buildings, or what purport to be government buildings, in commercial messages.

I must say at this time that I am apologetic to Senator Davey for taking so long to secure the appropriate

answers. This has been due to the fact that a considerable amount of research has been involved in several government departments.

Senator Flynn: Unsuccessful research.

● (1410)

PRIVILEGES AND IMMUNITIES (INTERNATIONAL ORGANIZATIONS) ACT

BILL TO AMEND—SECOND READING

Hon. George C. van Roggen moved the second reading of Bill S-25, to amend the Privileges and Immunities (International Organizations) Act.

He said: Honourable senators, it gives me particular pleasure to speak to the second reading of this very short bill. I wish to assure the Honourable Leader of the Opposition that although I refer to it as being a very short bill, I do not mean that I think of it as being an unimportant or simple bill.

Senator Flynn: You can tell that to Senator Laird.

Senator van Roggen: In fact, it is a most important bill. Honourable senators, I should like to take one or two minutes of your time in referring back to the report of the Standing Senate Committee on Foreign Affairs, under the then chairmanship of Senator Aird, of July 1973, which was the report on Canadian relations with the European Community. If honourable senators will recall, that report recommended, among other things, three or four steps which should be pursued by Canada in its relationship with the developing European Community. One recommendation was that an interparliamentary group be established between this Parliament and the Parliament of the Common Market sitting at Strasbourg. That is now an established fact, as honourable senators are aware.

Another recommendation was that the Prime Minister of Canada should visit the capital of the Community at Brussels, as the capital of the Community and not just as the capital of Belgium. That, as honourable senators know, was done.

The third recommendation was that a comprehensive economic cooperation agreement be sought with the Community. In this connection, we have all seen in the press in recent weeks references to the progress which has been made following the Prime Minister's recent visits to Europe.

I might digress here for a moment to point out the distinction between a preferential trade agreement, which was not recommended in the Senate committee's report, and a comprehensive economic cooperation agreement, which was recommended and which has been sought by the government. I mention that because some areas of the media appeared to have difficulty in distinguishing between the two.

The fourth recommendation in that report was that the Economic Community be pressed to open an external office in Canada. That is what this bill is about.

To give honourable senators a little background on that particular point, I should say that the Community has accepted the accreditation of ambassadors to the Community from countries outside the Community, and Canada,

among other nations, maintains an ambassador in Brussels accredited to the Community.

The converse, however, is not the case, and the Community, not being a sovereign state, does not have the ability to establish embassies abroad. It has, however, started down this path by establishing external offices in Washington and Tokyo.

While in Brussels with the committee, together with Senator Grosart and other senators, we pressed Community officials and our counterparts in the Parliament of the Community to consider a third office being established in Canada. Our reason for this was specific. As we pointed out to them, an office in Canada, in Ottawa, would enable them to receive a Canadian viewpoint on matters concerning North America, so that they would not make the mistake of assuming that the United States position was automatically the Canadian position. This would have been of great assistance to them in such matters as the Article 24(6) negotiations under GATT.

They at that time advised us that their plans were to open a third office probably in South America. However, continued pressure from members of our committee and subsequent interparliamentary groups, and the Prime Minister, has fortunately, certainly from our point of view, persuaded them that their third office in the world should be opened in Canada. In this the Senate, as a result of the work of its committee, can take great pride.

This bill, in its simplest terms, does nothing more than grant special recognition to the opening of that office in Canada so that the office will have the diplomatic privileges and immunities normally granted to an embassy being established in Canada. Because it is not an embassy, because it is an office of the European Community, a non-sovereign state, it requires special legislation to accord these privileges to it. The bill is purely technical in accomplishing this aim.

I will not go through the bill word for word, but if honourable senators have any questions I would be glad to endeavour to answer them. In view of the nature of the bill, I would submit that honourable senators may not wish to send it to committee. If that is your decision, I would propose to move that it be read a third time at the next sitting of the Senate.

Hon. Allister Grosart: Honourable senators, perhaps I might say a few words, as seconder of the bill just introduced on second reading by Senator van Roggen. I agree with him, and we on this side agree, that it will not be necessary to send this bill to committee. Its purpose is clear, and we can see no matters in it that would require any further examination.

I am glad that Senator van Roggen, who was co-chairman of the joint committee of the two houses that had so much to do with persuading the European Communities to establish an external office in Canada, was the one who introduced this bill. We have recently been discussing the work done by senators, and I think this result of work done largely by senators is a good case in point.

The establishment of an external office by the European Communities in Canada was certainly achieved on the initiative of a Senate committee originally. The Standing Senate Committee on Foreign Affairs went to Europe, and

[Senator van Roggen.]

at that time we were told in no uncertain terms by the external commissioner of the Community that under no circumstances would there be any "special relationship" for Canada with the Communities. We discussed this with the officials. We discussed it with our opposite numbers in the Parliament of the Communities, and immediately got the sympathy and support of the Foreign Affairs Committee of the Communities. This was followed up later when another delegation went over representing the Senate and House of Commons, and it was of that committee that Senator van Roggen was the chairman.

● (1420)

We raised the matter again. At first we had little hope that anything more than a mere information office would be opened in Canada, but before our few days of work were over we had the privilege of sitting in as guests of the Parliament of the Communities to hear the motion put forward on behalf of the Foreign Affairs Committee of the Communities that such an office be established in Canada. I believe its official name is a "Delegation," for the reasons Senator van Roggen has given.

I mention this as an example of work done by senators, because personally I get tired at times of hearing the activities of these parliamentary delegations referred to as "trips" in the sense that they are pleasure trips. All of the senators and others who were on that committee will remember that we did not have even one hour to get out and look at the shops. We worked from morning until night for five days and then came home—all of us pretty tired from the activities but most happy with the success that had been achieved.

Senator van Roggen has mentioned that we are now the third country in the world to have this privilege and honour extended to us: first of all the United States in Washington, then Japan in Tokyo, and now ourselves. As Senator van Roggen pointed out, apparently the privilege was going elsewhere, but, and I have no hesitation in saying this, the discussions and arguments we put forward had a great deal to do with the fact that the Communities changed their minds and decided to establish their third office here in Canada.

Bill S-25 will now extend diplomatic privileges on the same basis as those extended to other international organizations of a similar nature. I commend the bill to honourable senators. It is one in which the Senate can take some pride because of its contribution to this great success for Canada.

Motion agreed to and bill read second time.

Senator van Roggen moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

PRIVATE BILL

NATIONAL COMMERCIAL BANK OF CANADA—SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, May 20, the debate on the motion of Senator Hays for second reading of Bill S-24, to incorporate the National Commercial Bank of Canada.

Hon. Allister Grosart: Honourable senators, when Senator Hays sponsored this bill he apologized for inflicting himself on the Senate twice in the same day. I make a similar apology now.

Senator McIlraith: You do not need to apologize for that.

Senator Flynn: It is not the first time you have done it yourself.

Senator Grosart: As the Leader of the Opposition says, it is not the first time I have done so, but I must remind him that I have always done so with apologies.

This must be "short-bill day" in the Senate, because the bill before us is surprisingly short. It may even be unique in that aspect since it consists of only one and one-third pages in the printed version.

Senator Flynn: It would have been a good bill for Senator Laird to introduce.

Senator Grosart: I am not saying it is a simple bill; it is a short bill. Senator Hays was also careful to make that distinction. As a matter of fact, it is not a simple bill in spite of its brevity, and it does raise some highly interesting questions.

If the bill itself is unique in certain respects, in other respects it may well also be historical owing to the fact that this may be the last occasion on which a bill to establish a bank will come to the Senate by way of petition for a special act under section 8 of the Bank Act. The reason for that is an expectation that there will be a new method available to banks, trust companies and other corporations and companies, to seek incorporation as federal companies.

Honourable senators will recall that in 1973 the Minister of Finance, speaking at the Western Economic Resources Conference, said that such a bill would be introduced. Since then it has been introduced in the other place as Bill C-7. It provides that, when the bill has received royal assent—which has not occurred yet, of course—a bank may be incorporated by letters patent on petition to the Governor General in Council, concurred in by the Minister of Finance. This would be achieved in Bill C-7 by an addition to section 8 of the Bank Act.

I have said that this Bill S-24 is unique. This is not merely a personal opinion. It is a statement made by the sponsor of the bill and certainly supported by the document that we have before us in support of the bill, entitled "The Proposal to Establish a new Canadian Bank, the National Commercial Bank of Canada."

I take it that the use of the phrase "proposal to establish a new Canadian bank" means more than to establish "another" Canadian bank. I take it that it means to establish a new kind of Canadian bank. This view is, I think, fully supported by the statements made by the sponsor and the documents supporting the bill in which it is called variously a "private bank," a "merchant bank," a "wholesale bank"—and Senator Molson raised a question, wondering what that meant—and "specifically a business oriented bank."

As I say, it is not my assessment that this is what the petition and the bill envision; it is the statement of the sponsors and the backers of the bill.

It is not my intention to discuss the details of the bill as such. This is a matter for the committee, of course, but I would like to make some suggestions which senators in the chamber may wish to consider and which I hope certainly would be considered in due course in committee.

My statement that this bill suggests a new kind of bank is fully supported, I think, by a statement that the intention of the backers of this bank is to introduce some "new blood" into the whole Canadian banking system—and that is the phrase used—new blood.

The supporting document reviews the history of Canadian banking, particularly in the last few years, and points out why the sponsors consider that new blood is needed in the banking system—new blood in a new kind of bank.

I will discuss immediately why I say this is a unique bill and why this is to be a new kind of bank. Senators would naturally ask how it is to be different from existing banks. The backers make it very clear how they see it as different. In the first place, they say it will not follow the traditional course of Canadian branch banking. At the present time there are something like 7,000 branches of the ten existing Canadian banks—the five major and the five others. The sponsors say they are not going that way, that this bank will have offices only in a few major cities. They justify that by saying that in their view the saturation point has been reached in Canada—a very interesting statement—in the extension of branches of banks. They produce some interesting figures. Their actual statement is that banking in Canada, which has been developed as an extensive branch system by the present chartered banks, may have developed to the saturation point.

● (1430)

In a table entitled, "Comparative United States and Canadian Banking Statistics Relating to Banking Offices," they point out some comparisons between the populations served by branch banks in Canada and the United States, and the assets per domestic banking office in Canada and the United States. The figures cover only the years 1962 to 1972, and I imagine the committee will want to have these figures updated as far as they can be. The population per banking office in Canada has actually declined from 1962 to 1972, in spite of substantial increases in the number of branch banks. In the United States the same thing has happened. The decrease in that decade in Canada has been from a population of 3,520 serving each branch bank to a population of 3,460. In the United States the decline has been larger, from a 6,947 population per branch bank to 5,446.

Interestingly enough, on the assets side, the Canadian picture for the decade shows some odd ups and downs. In 1962 the assets for a Canadian domestic branch were 7.76 million. In 1965 they were 9.49 M.M.; in 1966, 10.17 M.M.; in 1968, 12.48 M.M. In 1971 they dropped to 8.1 M.M., and in 1972 they were 9.72 M.M. In the United States, on the other hand, the assets increased greatly from 12.45 to 17.74 over those years.

It is on those comparisons, I presume, that the backers of this bill suggest that the traditional branch banking way is not the way that this new bank intends to go. They also say—and I think honourable senators will be interested in this—that as a result of their study and overview of the banking system in Canada the time may have come

when the traditional low cost savings and demand deposits, which is what we normally call savings and chequing accounts in banks, may have reached the point where this is not low cost money any more. They relate this to the expense of new branches and other matters, and this is another reason why they seem to have doubts about the extension of the branch banking system.

I raise this as a matter that I am sure the committee will want to look at because the merits of the Canadian branch banking system have been hailed many times and held up often as the reason why our major Canadian banks have served the Canadian public so well, namely, because often there is a branch bank in the smallest communities.

Another unique feature of the projected operations of this bank is that it will specialize in the chemical industry, forest products, mining, agriculture, fishing, petroleum, transport, and substantially in sub-Arctic investment, presumably in petroleum.

A third unique feature, claimed by the backers of the bank, is that its assets will be privately and closely held. They make the statement that they do not think it will be necessary to go public; that is, that it will not be necessary to have their shares publicly traded anywhere. This, again, will be a unique feature which I am sure the committee will want to discuss.

The method by which they intend to avoid large-scale multiple public investment in their shares is by relying on investment from pension funds. They point out that pension funds in Canada today comprise something like \$16 billion worth of assets, the savings of well over 2 million Canadians. It is in this connection that they have used the phrase that this will give the new bank "the strength of backing that it needs." We have the statement that some 25 corporate entities in Canada will be the initial subscribers to the bank, subscribing some \$22 million of the \$40 million capitalization of the bank.

The sponsor made the statement that the authorized capital will be \$40 million: 4 million shares at a par value of \$10, of which \$22 million, or 2 million shares, at a price of \$11, has been subscribed. I am sure the committee will want to examine that statement, because I wonder if it has been subscribed. I wonder if it is the intention to have these original subscribers pay up the whole \$22 million, or will they be paying part of it and be subject to call for the rest? It will be interesting to know if this amount has been subscribed already. I rather doubt that it has, because the sources are pension funds and it would be difficult to see how, under the existing laws protecting pensions, they could actually subscribe to the bank before it has been incorporated. However, we have to accept the statement that that is the intention. I have been told they have letters of intent, but it would seem to me that the statement made by the sponsor, and which is repeated in the capitalization chart appearing in the supporting document, to the effect that these amounts have actually been subscribed, might be a little extravagant.

A fourth unique feature of this bank is that it will avowedly engage in what it calls "risk" financing. It intends, apparently, to go fairly heavily into venture capital; that is, bridge financing, construction financing, and so on—all areas which are high risk, and which are very often regarded as the type of investments about which

banks and trust companies should be careful before investing very heavily in.

I must compliment the backers and the sponsor of the bill on their courage in saying that this is the kind of bank they are going to run. However, I think they may also run into difficulties—if not here, perhaps in the other place—on this assumption that it is going to be a business-oriented bank, and not give the service that Canadians generally expect from the neighbourhood bank.

The name, it seems to me, is going to cause some problems. In English it is the National Commercial Bank of Canada. The word "National" is used by another bank, and the word "Commercial" in the same sense is used by another bank also. In French it is, «La Banque Nationale de Commerce du Canada», which certainly has some echoes of the name of at least two other banks, and I would not be surprised if some who may be concerned will be before the committee to ask whether this name should be granted.

The sponsors and backers of this bank, it seems to me, are beyond question. They are businessmen who have had many major successes in the area of intermediary financing including such corporations as MIC, the Mortgage Insurance Corporation of Canada, which last year alone secured mortgages amounting to about \$2 billion. Then there is Markborough, a well-known financial intermediary, and a trust company, the Morguard Trust Company, which has been a principal agent in the whole field of mortgage financing, and so on. The head office is to be in Vancouver, and this surprises me in view of the fact that the major sponsors, Boyd, Stott & McDonald, are not centred in Vancouver. Mind you, I cannot think of a more pleasant place to have a head office of a bank than in Vancouver, and no doubt the sponsor will explain why, when the principals are located in Toronto, they will find it easier to do business by having their head office 2,000 miles away in beautiful British Columbia.

● (1440)

Honourable senators, that is all I have to say on this point. I want to make it clear that I am no way criticizing the presentation. There certainly are some problems, one of which has already been raised in this Parliament. Here I am referring to the propriety of pension funds of crown corporations being invested in a new bank. Obviously the government has an interest in protecting these pension funds as they have in protecting all pension funds. There is a statutory limit of 4 per cent, but the matter has been raised and the question has been asked if the government has instructed these crown corporations to consult with the government before investing in such ventures as this. I use the word "ventures" because that is one of the words that they used. I am not suggesting that all the capital is going into ventures, but it is a new kind of bank and one has to recall that the record of all the new banks that we have authorized here has not been too happy. I can think of one whose stocks went on the market at \$11 and are now worth \$4. This is the kind of thing that might give some concern to the government when considering the question of investment of pension funds of crown corporations.

Again, honourable senators, I am not in any way attempting to say that such pension funds should not be

invested in this company. That is not my intention at all. I am simply raising the question because it is an important one and has already been raised in Parliament.

Debate continued later this day.

SENATE AND HOUSE OF COMMONS ACT

REGULATIONS RESPECTING ATTENDANCE OF SENATORS— QUESTION OF PRIVILEGE

Senator Greene: Honourable senators, I rise on a question of privilege. In fact, I should like to make a motion of privilege, under rule 33 of our rules, concerning the *Minutes of the Proceedings* of yesterday's session.

Senator Everett: Before the honourable senator rises on his question of privilege, I wish to state that I intended to continue the debate on the bill under discussion, Bill S-24, and I wonder if the honourable senator could wait until I have finished speaking.

Senator Greene: I rise pursuant to rule 33 which provides that a motion calling upon the Senate to take action may be moved without notice, and in such a situation all other proceedings shall be set aside.

Yesterday's *Minutes of the Proceedings* failed to record a motion I made pointing out that the proposal made by Senator Godfrey was out of order in that it affected the balance of national accounts.

I think this an extremely important issue in that if I understood Your Honour's ruling correctly, it was that inasmuch as Senator Godfrey did not propose a bill but merely involved a regulation under a statute it did not violate rule 62 which prescribes that we may not present a bill in this house which affects the balance of national accounts unless there is a recommendation from the Governor in Council. Your Honour's ruling is tantamount to finding that we can do indirectly by regulation that which we cannot do directly by introducing a bill, and it is an extremely important precedent.

I respectfully submit to Your Honour that it is very important, not only from that standpoint but from the standpoint that we in this house should jealously guard the prerogatives that belong exclusively to the Governor in Council, and we would be remiss in our duties if we did not bring it to Your Honour's attention when a matter in this house violates the rules of parliamentary government.

Therefore, I respectfully move, on a question of privilege, that this motion and Your Honour's ruling thereon should have been included in the *Minutes of the Proceedings* for yesterday.

The Hon. the Speaker: I shall look into the question raised by the honourable senator and I shall report later.

PRIVATE BILL

NATIONAL COMMERCIAL BANK OF CANADA—DEBATE CONTINUED

The Senate resumed from earlier this day the debate on the motion of Senator Hays for second reading of Bill S-24, to incorporate the National Commercial Bank of Canada.

Hon. Douglas D. Everett: Honourable senators, I am not the sponsor of this bill, but I do have some things to say in

respect to it, especially so in the light of the remarks Senator Grosart has made.

This bill is to incorporate a bank to be named the National Commercial Bank of Canada with an authorized capital of \$40 million, and a subscribed capital of \$22 million. It is to have its head office in Vancouver, and Senator Grosart has raised the point that it will not get its deposits by the normal banking method; that is, through the formation of a branch banking system. He has stated that what we are dealing with here is a new type of bank, which the sponsor said is based on the fact that the branch banking system in Canada is saturated. It is true that the sponsors did refer to this fact in the submission deposited with us, but I think the problem that they foresee is this: if a new bank in Canada establishes the number of branches that are required properly to service the Canadian public in the fashion of the five major banks, they would find that at today's real estate and building costs, the cost of their deposits would indeed be extremely high.

What this bank sees is the fact that term deposits are a growing factor in today's banking, and that they can achieve the deposit targets they have by going after term deposits rather than building a large branch banking system which would duplicate what already exists in Canada.

They will, of course, have branches, and those branches will be in the main commercial centres in all provinces of Canada. Indeed, as Senator Grosart mentioned, their lending policy will be different from that of the normal commercial bank. They do propose to lend largely to businesses, mostly small businesses, and they also propose to be involved in resource financing, in real estate financing and in term loans. They also propose to have a sort of merchant banking aspect in that they will be interested in venture capital, and in bringing small businesses in Canada into what I would refer to as the "big time."

The question then is not so much one of what they are doing, because what they are really saying is "We can get our money through term deposits. There is a market that presently is not being fully serviced, and we can provide the special expertise that will serve that market." It seems to me that the question facing Parliament is whether the sponsors of this proposed new bank can make a success of it, and we might well consider who they are. Are they people who can do the job that is set out? Are they people of substance? Are they people who will fail at the task?

● (1450)

The sponsors of this bank are Boyd, Stott and McDonald who, as Senator Grosart has said, form a firm which has had some considerable experience in the financial world in Canada and some considerable successes. At the present time they own 80 per cent of Morguard Trust, which has \$600 million of mortgages under administration; 50 per cent of Westguard Holdings, which in turn owns 54 per cent of Westmount Life and which it bought back from, I gather, foreign interests, and a number of other corporations which come under the Boyd, Stott banner.

The shareholders of Boyd, Stott are Michael Boyd, the president, and W. H. McDonald, the vice-president. They each own 15.7 per cent of Boyd, Stott. 8.1 per cent is owned by three officers of the Morguard Trust, which is a subsidiary of Boyd, Stott. Edper Investments, which is a

company owned by a trust set up by Mr. Allan Bronfman, owns 12.4 per cent.

It is interesting to note that the directors of Edper Investments are Edward and Peter Bronfman; Mr. Jacques Courtois, who is the vice-president of the Bank of Nova Scotia; and our former colleague, the Honourable Lazarus Phillips. The Air Canada Pension Fund owns 11.1 per cent, and the Canadian National Pension Fund owns 11.1 per cent. Time Incorporated of the United States, through the Lumbermen's Investment Corporation, owns 10 per cent; Duke Seabridge Limited, which is a company owned by the Guinness family of England, owns 9.6 per cent; Houston Willoughby, investment dealers of Regina, owns 4.1 per cent; and the Aluminum Company of Canada owns 1.6 per cent.

The shareholders of the bank will be financial institutions. It is proposed that they will be largely composed of Canadian pension funds and, indeed, because of their financial strength it will not be necessary to establish a market on these shares; these people will be in for the long pull. That is the reason why it is not necessary for these shares at this juncture to be publicly traded.

The provisional directors are Mr. John T. DesBrisay, senior partner of Cassels, Brock, a large Toronto law firm; Mr. Howard Eaton, former executive vice-president of the Bank of British Columbia; Mr. Albert Hudon, the president of Miron Company, which is a subsidiary of Gemstar; Mr. W. H. McDonald, the president of Boyd, Stott and McDonald; Mr. W. E. Scott, former Inspector General of Banks; and Mr. Graham Walker, the president of Houston, Willoughby and Company.

Honourable senators, I have just gone through a fair degree of name dropping, but I did it on purpose, because Senator Grosart raised some very interesting questions. Those questions will have to be answered. However, what we want to know first, as I said before, is whether we are dealing here with substantial people, people who can meet these questions and, if they answer them to the satisfaction of the committee, can produce what they say they will produce. I suggest that the names I have given you indicate that these are substantial people who have a long financial background. If they are proposing to start a new bank, then it is very likely that they will be successful, if they are granted the necessary approval.

Therefore, I hope that as soon as possible, in order that the questions raised by Senator Grosart and others—indeed, I have some questions myself—can be satisfactorily answered, the Senate will act to refer the bill to the Standing Senate Committee on Banking, Trade and Commerce which, after the appropriate notice, can commence its hearings on the subject of this application.

Senator Choquette: Honourable senators, we on this side were prepared to conclude the debate on second reading today. However, because the sponsor is not here today, I will adjourn the debate. I understand that a few senators on this side have questions to ask of the sponsor.

On motion of Senator Choquette, debate adjourned.

[Senator Everett.]

ONTARIO AND QUEBEC PROVINCIAL POLICE

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE
AUTHORIZED TO CONSIDER FINANCIAL COMPENSATION BY
FEDERAL GOVERNMENT

The Senate resumed from yesterday the debate on the motion of Senator Flynn that the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider the question of financial compensation by the federal government for the maintenance, by the Provinces of Ontario and Quebec, of their own police forces.

Hon. Raymond J. Perrault: Honourable senators, I feel it perhaps appropriate at this time to make a statement on behalf of the government with respect to the motion of Senator Flynn regarding the financial compensation by the federal government for the maintenance of police forces of Ontario and Quebec. Admittedly, there is an ever-increasing cost of maintaining the various police forces in Canada.

Several points have been raised with respect to claims for compensation for the maintenance of police forces by the provinces of Ontario and Quebec. First of all, there are benefits of an administrative, operational and financial nature in using one police force, which certainly exists—the Royal Canadian Mounted Police. Those benefits, of course, are now enjoyed by provinces other than Ontario and Quebec. It is felt that there is a greater efficiency and economy resulting from one command structure serving the police demands in a contract province which are of value to that province. Provinces which accept a single force, that is, the RCMP, eliminate the problems of overlapping of jurisdiction which occur where provincial and federal forces operate independently. It is also felt that the existence of many police units under the control of the RCMP commissioner makes it possible to reduce temporarily the strength of all or any of those units so as to quickly make available a body of fully trained personnel to meet any federal, provincial or municipal emergencies, as they may arise. Greater efficiency and economy are also obtained in recruiting, training, equipping and staffing. The size and scope of the force provide further career opportunities, greater potential for advancement and allow for specialization not available in smaller police forces.

The foregoing are advantages to the contracting provinces, and the nation as a whole, of the system whereby the vast majority of provinces enter into a contract arrangement with the Royal Canadian Mounted Police for provincial police servicing.

● (1500)

Those in support of the claim of financial assistance for certain provincial police forces have perhaps restricted their consideration to the tangible, direct cost of maintaining and administering federal law enforcement resources in the contracting provinces. They have perhaps chosen to ignore the intangible benefits that accrue to the federal government under these arrangements.

While supporters of the provincial positions conclude there is a federal subsidy flowing to the contracting provinces, which is not available to other provinces such as Ontario and Quebec, perhaps it would be more proper to say that the contracting provinces derive financial ben-

efits as a fair result of economies of scale that result from the aforementioned one-police-force arrangements.

It should be pointed out that the amounts to be passed on to the contracting provinces with regard to the intangible benefits accruing to either the federal or provincial governments at any given time are not easy to assess, and are matters for negotiation by contract.

From time to time, and especially in discussions held in 1960, 1964 and 1966, negotiations took place between the federal government and contracting provinces for federal police services. At those conferences, and in later negotiations with regard to one contracting province in 1967, a formula which more properly reflected an equitable cost-sharing arrangement was agreed to by the federal and provincial governments.

Senator Grosart: Would the Leader of the Government allow an interruption? May I ask if he is speaking to Order No. 5 or Order No. 7? Order No. 5 is a motion to refer the matter to committee.

Senator Perrault: I assure the honourable senator that I am speaking to Order No. 5; about the possibility of pursuing this further by reference to the Legal and Constitutional Affairs Committee. In my opinion, the question could properly be pursued under Order No. 5 or Order No. 7.

At these conferences in 1960, 1964 and 1966, and in later negotiations with regard to one contracting province in 1967, to which I referred, the matter of how there could be a more equitable and fair sharing of costs between the federal and provincial governments was discussed. One of the speakers in this debate has pointed out accurately that there is a move toward having the provincial governments assume a higher percentage of these costs.

It should also be pointed out that opportunities were afforded all of the provinces at the 1960, 1964 and 1966 conferences, including Ontario and Quebec, to be present and to set forth their views. At those meetings there were two points of view as to who would benefit under the new formula. In the light of those conflicting viewpoints, certain provinces undertook neither to contract for RCMP services under the 1966 formula nor to assert that contracting provinces should support a greater share of costs.

Presumably, the reason that neither course was chosen was consistent, in their view, with their best interests as viewed by their governments. But surely it may be said that it is not the right of provincial governments at the present time to claim that they should be compensated for financial loss which they have allegedly suffered as a result of not being a party to these arrangements, and not having taken advantage of the opportunities offered to them at those previous meetings.

Finally, it should be noted that while certain provinces did not take advantage of the 1960, 1964, 1966 and 1967 agreements, the Royal Canadian Mounted Police makes an important, and often vital, contribution to the administration of criminal law in all provinces of Canada, including Ontario and Quebec.

Let me give honourable senators one example. In Quebec, "C" Division of the RCMP has its headquarters situated in Montreal. It consists of two subdivisions with a total strength of more than 1,200 persons. In Quebec, the

RCMP is not only responsible for the administration of federal laws, such as those dealing with narcotics, customs and excise, income tax, aeronautics and security; it also collaborates in a very close manner with the Quebec Provincial Police and various municipal police forces, including, of course, that of the Montreal Urban Community, especially in the sphere of commercial fraud and organized crime—two tasks for which the RCMP has established specialized squads.

It should be pointed out that these service costs are borne entirely by federal authorities without any provincial contribution of any kind. Therefore, it is simply not accurate to say there is no federal help at all in the matter of maintaining law and order in the two provinces of Ontario and Quebec. There are similar instances in the province of Ontario. I do not wish to single out the province of Quebec as an example.

On a positive closing note, the federal government welcomes an examination, in concert with the Government of Quebec, of its role in general, and that of the RCMP in particular, in Canadian criminal law enforcement. Recently a joint study group of the federal and Ontario governments examined and described police activities undertaken by the RCMP in the province of Ontario, and inquiries are continuing in this regard. The Solicitor General of Canada has welcomed the formation of a similar study group with the province of Quebec to further clarify respective roles in criminal enforcement in Canada.

This may properly be said to be a positive note—negotiations, consultations and discussions are continuing. There is a determination on the part of the federal government to ensure that all provinces are treated fairly and equitably, and given equal opportunity and equal access to federal government programs. In this day of law enforcement, I am sure all honourable senators will agree that this is a vital area of activity, particularly at a time when there are increasing problems concerning crime and law and order throughout the country.

Before resuming my seat, may I say that I welcome the suggestion of Senator Flynn that this matter be referred to the Standing Senate Committee on Legal and Constitutional Affairs in order that that committee might consider the entire question. That is certainly in the spirit of the consultations and discussions which have been continuing over these many weeks and months.

Senator Grosart: May I ask the Leader of the Government when we might expect this reference to be made, in view of the fact that the debate on the substance of this motion is still continuing under Order No. 7?

Senator Perrault: I can only suggest that with the assent of the honourable senator who initiated the inquiry, Senator Deschatelets, the reference to that committee could be expedited. I know that all honourable senators would like to have this matter discussed at the earliest opportunity.

Senator Choquette: It is the same problem.

Senator Perrault: Yes.

Hon. George McIlraith: Honourable senators, I would like to raise a point in connection with this item on the Order Paper. It will be noted that the motion of Senator Flynn is:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider the question of financial compensation by the federal government for the maintenance, by the Provinces of Ontario and Quebec, of their own police forces.

In other words, his reference is very narrow and presupposes payment by the federal authority to the provinces for services they provide through the provincial police forces for work that is exclusively within the area of their own provincial constitutional responsibility. He does not embody in the motion the larger question of delineating the areas of coordination and cooperation by the various police forces in matters that lie within the federal and provincial fields of constitutional responsibility—a question that must concern all honourable senators who think about the problems facing police forces at this time.

There is one other point of concern regarding this motion. I must say, frankly, that I would oppose any payment by the federal authority to a provincial government for the maintenance of a provincial police force to do police work that lies exclusively within the jurisdiction of the province. I have no preconceived idea as to the propriety or otherwise of helping the provinces finance costly programs lying wholly within the area of provincial jurisdiction but we are here considering a narrower point.

● (1510)

I recall discussing this very thoroughly at the time one of the first contracts was being entered into with the provinces for contracting these services, and I had considerable discussion with the Minister of Justice of the day on that subject. The point we were discussing ought, I think, to be brought to the attention of the house today. It concerned the dangers inherent in creating a national police force.

Whatever interest I have taken throughout my life in public affairs has been impelled by, I hope, a liberal approach to the rights of the individual. I, for one, do not wish to see a national police force doing all police work in this country, or indeed in any country. My reason for saying that is quite simple. By the very nature of the work required of police forces, they must be given arbitrary power, and they are given arbitrary power by the statutes governing their operations, which is right and proper. However, where arbitrary power is given to a vast number of persons to exercise from day to day, there must be constant checks and balances to prevent the abuse of that arbitrary power. Fortunately, in this country we have, in spite of occasional discouragements about federal-provincial relations, a division of responsibility that does provide a check. In addition, we have the situation where the national police force, the RCMP, is doing police work in the area of matters coming under federal jurisdiction. In eight of the ten provinces, containing about one-third of Canada's population, the provincial area of responsibility is covered by the federal police force; in the other two provinces, containing two-thirds of the population, it is done by the two provincial police forces, and that is a very good balance. I think it is desirable to have such a distribution of the police work between the various forces.

I regret that when the subject is examined in committee it will be on the narrow point put forward in this motion, because there are many matters concerning the policing of

[Senator McIlraith.]

the country, and the various provinces, in this day and age—the interrelationship of the forces, the common training of police and matters of that kind—which might properly be examined.

I do want to point out the dangers in the federal government's starting to contribute directly to the maintenance of provincial police forces because, if that got well under way, sooner or later those paying the shot would demand more control and authority over them. When that control and authority over them is demanded, we are in fact in the position of having one national police force for the whole country, having responsibility in both federal and provincial matters, and that I deplore.

I think no one can accuse me of being other than a very strong supporter of the Royal Canadian Mounted Police. My remarks today in no way reduce the strength of my support for it, which I have asserted strongly for a considerable number of years. However, I hope my remarks will contribute something to the consideration to be given to this subject matter by honourable senators.

Senator Grosart: Honourable senators, perhaps I might point out that Senator McIlraith's concern about narrowing the scope of the discussion, which he feels is inherent in the wording of Senator Flynn's motion, has been adequately answered, first, by Senator Perrault and, secondly, by Senator McIlraith himself. Both of those senators, in speaking to the motion in these so-called narrow terms, have ranged over the whole topic, and over almost everything the committee itself would wish to consider. I do not think Senator McIlraith need worry at all that if this matter is referred to committee, as the Leader of the Government suggests, there will be any problem about ranging over the whole area that both he and Senator Perrault have found it possible to range over in their discussion of this motion, which is Order No. 5 and not Order No. 7.

Senator Lamontagne: May I ask a question of Senator McIlraith? I noted that he was very much opposed to a national police force.

Senator McIlraith: To all the police work in the country being done by one national police force.

Senator Lamontagne: I share his concern in that respect. I wish to ask him whether he is opposed to the present arrangements whereby local and provincial police force work is being done by the federal force, which amounts to the creation of a national police force for at least eight provinces.

Senator McIlraith: I find no inconsistency in supporting that at all. I have given a lot of time and thought to, and have worked with the provinces on, renewing contracts from time to time. To keep the national police force at its peak level you require a wider base than simply the administration of the law contained in certain federal statutes, such as the Immigration Act, the Narcotic Control Act and the Customs Act. Secondly, the eight smaller provinces simply do not have the base for training a proper police force, and there is nothing worse than giving arbitrary authority to an ill-trained police force. They do not have the facilities for training, and there is no way some of the smaller provinces can easily be given those facilities. These provinces have neither the quality nor

volume of work to maintain a force at a high state of efficiency, and they do far better contracting for police services. In my view, it works in a very satisfactory way for a province which cannot provide adequate quality police work for itself from its own resources, and which would be more expensive than contracting for the RCMP services.

I find no inconsistency at all in that. It must be remembered that those eight provinces contain roughly only one-third of the population of the country.

Hon. Ernest C. Manning: Honourable senators, I draw the attention of the house to the fact that, if this matter is referred to committee as proposed in this motion, it will be important for the committee to keep in mind that the concerns of Ontario and Quebec over this matter—the two provinces that have their own police forces—cannot be divorced from the concerns of the other provinces which, over the years, have entered into these agreements with the RCMP.

● (1520)

The federal government's policy in this matter has been consistent for at least 40 years. I recall that Alberta originally had its own police force, which was disbanded when the province entered into an agreement with the Government of Canada for the use of the RCMP for provincial police services. As a matter of fact, that was done just shortly prior to the time that I became associated with the Government of Alberta. In 1935 and 1936, when my party assumed the responsibility of the government in the province, there was quite strong public opinion favouring the concept of a provincial police force. The change had been made just shortly before, and there were still feelings of sentiment and emotion involved.

At that time we did examine with the federal government the basis of this arrangement, because we had to decide whether we should re-establish the provincial police force or continue with the arrangement just undertaken with the federal government. As far back as that time, the position of the federal government was that any province which felt it was an advantage to use the RCMP as the provincial law enforcement body had that option. But the federal government was not prepared to consider anything along the lines of a subsidy to finance provincial police forces, if it was the desire of provinces to establish or maintain such forces.

I forget the exact number of provinces which, over the years, have disbanded their police forces and gone to the RCMP. I know that British Columbia is one. But the point I make is that those decisions were made by the provinces on the clear understanding that there was no financial assistance available to them from the federal treasury for the maintenance of their own police forces. If they wanted to avail themselves of an economic, financial or other advantage, the only course open to the provinces was to disband their police forces and make a contract with the federal government for RCMP services. In view of the fact that over these years a number of provinces have made that decision, honourable senators will agree that if that policy were changed now, or if financial assistance is offered the two provinces who happen to have retained their own police forces, a serious expression of concern would be invited from a number of the other provinces.

They could quite rightly say that had they known that such an arrangement could be made, under which they could receive federal subsidies for provincial police forces, they would have retained their police forces because, for whatever reason, they preferred a provincial force to the federal force.

I suggest that it would be unfortunate, in the light of the history of this whole question, if that were to happen, and I speak as one who participated in the three conferences which the Leader of the Government referred to as taking place in 1966.

There has not been a change in the federal position in all those years. Perhaps it would be worthwhile to have the matter discussed in committee—I would not object to that—but it would be unwise for the committee to approach the matter thinking there is some real ground for financial assistance to those two provinces in respect of their police forces, and thinking that that issue can be divorced from the wider national issue which would immediately be raised by the other provinces. It is almost certain that they would assert that had that option been open to them they would have preferred it to disbanding their own police forces in favour of the federal force. The fact is that they were told that option was not available to them.

I appreciate the point raised by Senator McIlraith about the dangers inherent in one national police force. I must say, however, that under the existing arrangement in Canada that danger is minimal. In the first place, the nature of these agreements is such that the personnel of the RCMP who carry out police work in the various provinces are assigned to that specific duty, and are under the jurisdiction of the attorney general of the particular province. Although they are members of the national force, they are not under one central command, which I think was the crux of the concern expressed by Senator McIlraith. Indeed, control of the force has really been decentralized by virtue of the fact that the personnel are answerable to the attorney general of the particular province contracting with the RCMP.

Senator McIlraith: Honourable senators, before Senator Manning leaves that point, I wonder if he recalls the controversy which arose in Newfoundland over the question of sending in RCMP reinforcements at a time when there were some rather serious labour problems in that province.

Senator Manning: As I recall that incident, honourable senators, it arose out of a request by the Government of Newfoundland for additional men to help control a situation in St. John's. Under the agreement with which I am familiar—and I assume they are pretty much the same for all provinces which are parties to them—a specific number of RCMP personnel are assigned to a province. There is provision for the provincial attorney general to request additional personnel if they are needed, but the agreement, in my judgment at least, makes it quite clear that the decision as to whether that request will be acceded to rests with the Minister of Justice of Canada, and not with the provincial attorney general. I believe that was the basis for the controversy in Newfoundland. The government of that province took the position that they had a right to those men if they thought they needed them, but I

think there is no doubt that those were men in addition to the personnel covered by the contract.

In all my years of association with this type of agreement in Alberta, I have never known of a case of interference of any kind by the federal government authorities or the federal RCMP authorities with the control of the province. The province has complete control over the personnel assigned to it under the contract. Of course, the number of personnel may vary from year to year, because the province may requisition additional men if they are needed, but no problem has ever arisen in that respect.

Another factor that offsets the possible dangers inherent in one national police force is the existence of large municipal police forces in the metropolitan centres of the country. All of the metropolitan centres have their own police forces, and if you consider the combined populations of Montreal, Toronto and Vancouver, to name the three largest, you must realize that there are more people under the jurisdiction of those municipal police forces than there are in many of the provinces. So we have that added check by virtue of the large police forces in our metropolitan centres.

Senator Carter: Honourable senators, if I may allude to the point raised by Senator McIlraith respecting the Newfoundland controversy, my understanding of the situation there is that in cases of emergency the agreement provided that the attorney general of the province could make a request to the federal government through the Commissioner of the RCMP in Ottawa. If the commissioner approved that request, he then passed it on to the Attorney General of Canada with his recommendation. In the case of the Newfoundland controversy, the commissioner resigned because his request and recommendation were not accepted.

Senator Langlois: Honourable senators, would it not be more correct to say that the dispute between Ottawa and Newfoundland at that time was over the propriety of using the RCMP to break a strike? Surely it was not a question of either adding to or reducing the contingent of RCMP already there.

Senator McIlraith: It was actually a question of which attorney general had the authority to decide the matter.

Motion agreed to.

QUEBEC PROVINCIAL POLICE

FINANCIAL COMPENSATION FOR MAINTENANCE—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Deschatelets, P.C., calling the attention of the Senate to the claim made by the Minister of Justice of the Province of Quebec for financial compensation from the federal government with respect to the Quebec Provincial Police Force and to the ever-increasing costs of maintaining the various police forces in Canada.—(*Honourable Senator Langlois*).

Senator Langlois: Honourable senators, in speaking in support of Senator Flynn's motion yesterday I made it quite clear that it was not my intention to pursue further the debate on Senator Deschatelets' inquiry at that stage, reserving my right, of course, to speak to the subject-matter when it has been reported back to the house by the standing committee.

As no other honourable senator at that time rose to voice his interest in continuing this debate, I respectfully suggest that this item be dropped from the Orders of the Day.

The Senate adjourned until Tuesday, May 27, at 8 p.m.

THE SENATE

Tuesday, May 27, 1975

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

HON. MURIEL McQUEEN FERGUSON, P.C.

TRIBUTES ON RETIREMENT FROM SENATE

Hon. David A. Croll: Honourable senators, Senator Muriel McQueen Fergusson came to the Senate in 1953. Last Monday, May 26, was her birthday, and the law has provided and time has decreed that she retire on that day from the Senate, which she has done. She left with honour and dignity, having served Canada in war and peace and having been appointed the first woman Speaker in either house of the Parliament of Canada.

Hon. Senators: Hear, hear!

Senator Croll: In her lifetime she influenced politics and policy, played a creative and decisive role as an ardent advocate of women's rights long before women's lib was ever heard of. During her lifetime she witnessed the greatest changes in world history—from the buggy to the moon.

She changed her outlook to fit the times without ever abandoning her principles. She felt at home in both worlds, and contributed to both. Her main contributions were to the humanities—social welfare, the aged, the poor and needy. These contributions are written in the pages of Canadian history.

To say farewell to Muriel is not easy. As she now reaches the evening she will see how splendid the day has been. To each of us is given an opportunity to make a contribution. She made hers by doing ordinary things extraordinarily well.

So, goodbye and good luck to a valued friend, a great lady and an outstanding public servant.

Hon. Senators: Hear, hear!

Hon. F. Elsie Inman: Honourable senators, I wish to join in paying a tribute to a much loved and greatly respected colleague, Senator Muriel McQueen Fergusson, P.C., Q.C. On her retirement this chamber is losing one of its most active, hard-working and conscientious members. She has always accepted with grace and dignity the responsibilities that come to one as a member of the Senate and she has always been willing to do more than her share of those duties. Senator Fergusson has epitomized the ideal Canadian woman and all that is best in womanhood. She has engaged in and sponsored many organizations and movements which contribute to the welfare of others. She has always given freely of her time and means to promote the well-being of those who are not so fortunate as many of us. Her horizons are wide and deep, but she never allows the scene of these horizons to dim her view of the closer needs. Her views and assistance are

often sought and she gives of both generously whenever and wherever required.

Senator Fergusson brought to this chamber an excellent knowledge of the many problems which face us as a nation and by her speeches on a great variety of topics she has brought this knowledge before this chamber. I am sure every senator is proud of Muriel for all the many achievements that she has accomplished since coming to the Senate and even earlier. We were particularly proud of her when she was appointed Speaker of the Senate, the first woman to be named to this high position, the fourth highest position in Canada according to precedence. She was honoured again by her appointment to the Privy Council and almost at the same time the designation of Queen's Counsel was conferred on her, both honours well deserved.

It is a pleasure for me to pay tribute to Muriel today, as she has been a close and wonderful friend of mine for almost twenty years. We have been desk mates in this chamber and our rooms were side by side during those years until she became Speaker, so you can understand the bond of friendship that has been forged. I considered it a great privilege to be associated with her as one of her colleagues and closest friends.

Senator Fergusson has retired from the Senate, but we will look forward to seeing her come back to visit us often and perhaps give us some good advice from her experiences. She will always be very welcome. We wish her health, happiness and the best of all things in life in the years that lie ahead.

Hon. Senators: Hear, hear!

[Translation]

Hon. Léopold Langlois: Honourable senators, I presume that Hon. Senator Fergusson, because of her great humility and the great discretion she has always shown in the carrying out of her duties, would certainly not like us to add to the avalanche of praise which has kept falling upon her ever since she announced her decision to retire from the Senate.

However, I join with my honourable colleagues, in telling her tonight how much we are going to miss her and how we regret her decision to leave us, while paying tribute for her outstanding contribution to this house and to Canada.

However, I must correct a slight error which was made quite inadvertently, I am sure, by my honourable colleague, Senator Croll, when he mentioned a few minutes ago that she was required by law to leave. It is of her own volition that Senator Fergusson has decided to leave this house since, although she has passed the age of retirement prescribed by statute for senators appointed after 1965, she could have remained for the rest of her life a member of this august Chamber. Thus, it is by choice that she decided

to leave us because with her sense of duty, her dedication to the affairs of the country, she has thought for a moment that her age, although she has been very active in the Senate, could prevent her from rendering the services the country is entitled to expect from her, according to her own estimation. That is why we regret to see her leaving in such circumstances, when she still could very well serve this country and this house.

I will conclude my remarks by saying this: the Senate has grown richer with her contributions to its work, in the course of the many years she has been with us. Our best wishes go with her, coupled with our regret at seeing her leaving, and we hope we will have the pleasure of welcoming her in our midst on many occasions in the future.

[English]

Hon. Jacques Flynn: Honourable senators, it was once claimed by a disrespectful but humorous critic of this place—there are many critics, but not all are humorous—that the average Canadian senator possessed all the virtues one could hope to find in a human being—all, that is, except one—resignation.

Well, it appears that Senator Fergusson did not lack even that quality. Last Friday she resigned her seat in this chamber, thus bringing to an end an impressive parliamentary career which lasted 22 years.

Despite the extraordinary personal success she enjoyed throughout her career, she remained ever humble, approachable, warm and friendly. Busy as she was, there was always time for that person or organization needing advice or encouragement.

In the latter part of her career she was permitted to play an even greater role in the affairs of our country. As Speaker of the Senate, she presided over our deliberations with consummate efficiency and fairness. She was never satisfied with anything less than an outstanding effort.

She is a native daughter of whom New Brunswick can be justly proud. She has brought inestimable credit to her country, her sex and to herself.

Senator Fergusson worked—as I am sure she will continue to work—tirelessly in the defence of women's rights and the pursuit of a multiplicity of commendable humanitarian goals.

We on this side are pleased to have had the privilege of being associated with her. She is a truly fine human being, and we wish her a very happy and fruitful retirement.

[Translation]

Honourable senators, I should like to add a personal note: having known Muriel Fergusson during the war when she was an attorney for the Wartime Prices and Trade Board, a position which I myself held in Quebec City, I consider her departure as that of a friend. I recognize her in what she has done because, as a member of the Joint Committee of the Senate and House of Commons on the Constitution, she held the view that senators should retire not at 75 but at 70 years of age. She thought it logical, having stood for that principle, to do what she has just done.

I am sure that I speak on behalf of all honourable senators in wishing her many more happy years in the

[Senator Langlois.]

service of our country, of Canadian women and Canadians generally.

• (2010)

[English]

Hon. Margaret Norrie: Honourable senators, my association with Senator Fergusson goes back as far as that of any member of this chamber, although that of only the last three years was within the precincts of the Senate. Our alma mater is Mount Allison University. We graduated at different times, but we did meet on college business and at college functions. In many cases her friends and acquaintances were also mine, and we kept in touch in small ways.

On my appointment to the Senate, her kindness and solicitude were precious to me. I always felt that she was ready to lend a helping hand when I needed one, and she often did so even before I realized I needed one.

She stands high in my estimation. Her contribution to the cause of women's rights has been great, and we can look upon her work with pride and great satisfaction.

Honourable senators, we can always say of Muriel Fergusson, "There goes a real woman for Canadians to honour."

Hon. Charles McElman: Honourable senators, the dean of New Brunswick senators, Senator Burchill, is not here this evening, so I shall try, in my poor way, to stand in for him.

I have known Muriel McQueen Fergusson for many years. Throughout her lifetime, she has been a lady of "firsts." She was one of the first women in New Brunswick to become a barrister, and she performed her duties as such in a most honourable fashion. She served Canada as counsel to the Wartime Prices and Trade Board, and later was one of the first women to become a senior civil servant in New Brunswick when she was appointed Director of Family Allowance and Old Age Security. I might add, she had a fair amount of competition from a number of males for that position.

She was elected a member of the city council of Fredericton, the capital of New Brunswick and her home town, and became deputy mayor—another first. She became a Queen's Counsel and a Privy Councillor. As has been said, she was the first lady Speaker of either house of this Parliament.

It has been a lifetime career of firsts for Muriel Fergusson. She was always first when there was a cause to be fought, or when there were people to be helped.

She was robbed early in life of her husband and the opportunity to have a family. Instead, she took to herself the disenfranchised, the poor, and those who had no champion. Over the years, she has built in New Brunswick, and beyond New Brunswick, an immense family; and her family in New Brunswick regards her with great pride.

The Senate is losing her, but we in New Brunswick are gaining by her return to Fredericton. I am sure she will start yet another career in her retirement years as the champion of those who need a champion—the poor, the disenfranchised. Fredericton itself, as well as the province of New Brunswick, which have already benefited greatly from her enterprise and activities, will continue to benefit in the years ahead.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Douglas (Bruce-Grey) has been substituted from that of Mr. Daudlin; that the name of Mr. Lachance has been substituted for that of Miss Bégin; that the names of Mr. Joyal and Mr. Daudlin have been substituted for those of Mr. Prud'homme and Mr. Douglas (Bruce-Grey); that the name of Mr. Orlikow has been substituted for that of Mr. Rodriguez; that the name of Mr. Scott has been substituted for that of Mr. Alexander; and that the names of Mr. Anderson and Mr. Prud'homme have been substituted for those of Mr. Guay (Saint-Boniface) and Mr. Joyal, on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

DOCUMENTS TABLED

Senator Langlois tabled:

Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1974, pursuant to section 13 of the Department of National Health and Welfare Act, Chapter N-9, R.S.C., 1970.

Copies of Report, dated March 31, 1975, entitled: "Project BILCOM—an assessment of the demand for the use of both official languages in Canadian domestic air/ground communications", together with a Minority Report, dated March 22, 1975.

Report of the Master of the Royal Canadian Mint, including accounts and financial statements certified by the Auditor General, for the year ended December 31, 1974, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report on operations under the Regional Development Incentives Act for the month of February 1975, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1976, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-1069, dated May 13, 1975, approving same.

Capital Budget of the Export Development Corporation for the year ending December 31, 1975, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-956, dated April 25, 1975, approving same.

FOOD AND DRUGS ACT
NARCOTIC CONTROL ACT
CRIMINAL CODE

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED

Senator Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report of the committee:

Tuesday, May 27, 1975

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred Bill S-19, intituled: "An Act to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code" has in obedience to the order of reference of December 20th, 1974, examined the said Bill and now reports the same with the following amendments:

1. Page 1: Strike out lines 10 to 12 inclusive and substitute therefor the following:

"2. Subsections 35(2) and (3) of the said Act are repealed and the following substituted therefor:

"(2) If, pursuant to subsection (1), the court finds that the accused was not in possession of a controlled drug, he shall be acquitted, but, if the court finds that the accused was in possession of a controlled drug, he shall be given an opportunity of establishing that he was not in possession of the controlled drug for the purpose of trafficking, and thereafter the prosecutor shall be given an opportunity of adducing evidence to establish that the accused was in possession of the controlled drug for the purpose of trafficking."

2. Page 1: Strike out lines 26 and 27 of the French version and substitute therefor the following:

"dans cet endroit, qu'il a des raisons de soupçonner d'être en possession d'une drogue"

3. Page 5: Strike out line 2 and substitute therefor the following:

"offence under subsection (2), he shall be"

4. Page 5: Add immediately after line 6 the following:

"(4) Notwithstanding subsection 2(2) of the Criminal Records Act, a person who, after the commencement of this Part, is directed to be discharged absolutely under section 662.1 of the Criminal Code for a first offence under subsection (2) of this section shall be deemed to have been granted a pardon under subsection 4(5) of the Criminal Records Act.

(5) Notwithstanding subsection 2(2) of the Criminal Records Act, where, after the commencement of this Part, a person has been directed to be discharged upon conditions prescribed in a probation order under section 662.1 of the Criminal Code for a first offence under subsection (2) of this section and the period for which the probation order is to remain in force has terminated, that person shall be deemed to have been granted a pardon under section 4 of the Criminal Records Act on the date of termination of that period.

(6) Subsection (5) does not apply where a discharge has been revoked under subsection 662.1(4) of the Criminal Code."

5. Page 5: Strike out line 23 and substitute therefor the following:

"than fourteen years less one day."

6. Page 5: Strike out lines 34 to 42 and substitute therefor the following:

"imprisonment for a term of not more than fourteen years less one day."

7. Page 8: Strike out line 17 and substitute therefor the following:

"to be a reference to the definition "cannabis", and"

8. Page 10: Strike out lines 9 and 10 of the French version and substitute therefor the following:

"dans cet endroit, qu'il a des raisons de soupçonner d'être en possession d'un stupé."

Your Committee appreciates that its amendment to section 48 in clause 7 of the Bill, set out above as amendment number 4, introduces an exception to the general law under the *Criminal Records Act* affecting conditional and unconditional discharges under the *Criminal Code*. It believes that the application of the principle contained in the amendment might be appropriate in the case of other criminal offences where the court directs a conditional or unconditional discharge for a first offence.

Accordingly, your Committee, in addition to the specific amendments proposed, recommends that the Government consider the advisability of extending to other offences the principle contained in the amendment to section 48 so that where an accused is discharged for a first offence, he shall be deemed to have been granted a pardon either immediately, in the case of an absolute discharge, or on the termination of the period of probation, in the case of a conditional discharge.

Respectfully submitted,

H. Carl Goldenberg
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Goldenberg: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

The Hon. the Speaker: Is there unanimous consent?

Senator Flynn: Not for the adoption of the report, but for leave for the honourable senator to explain the report.

Hon. Senators: Agreed.

Senator Goldenberg: Honourable senators, copies of the report of the committee are being distributed in both languages, so you will have it before you as I speak. This report is the result of hearings which commenced on February 4 last, and which, with the exception of two weeks, have continued every week since then until today. The committee heard witnesses from across Canada and from the United States. We heard the views of representatives of the legal profession, the medical profession, universities, provincial governments, chiefs of police, concerned citizens and others.

Senator Bourget: How many witnesses?

[Senator Goldenberg.]

Senator Goldenberg: I do not have the number, but I think it was in excess of 35 or 40. The amendments which we propose are the result of the studies of the various briefs that we heard.

● (2020)

I just want to make it clear at the outset to honourable senators, although I am sure they know it—the press sometimes seems to forget—that this measure deals with cannabis only. It does not deal with heroin, cocaine or any other hard drug. Secondly, it has nothing to do with the legalization of any drug, including marihuana. The press continues to talk of the Senate or the Senate committee considering legalization. When I outline to you the amendments, and they are not many, you will note that there is no justification for using the term "legalization" in respect of what this committee is recommending to the Senate.

Senator Bourget: Hear, hear!

Senator Goldenberg: Bill S-19 transfers cannabis from the Narcotic Control Act to the Food and Drugs Act where it is to be dealt with under a new part, Part V.

We have made eight amendments, as you will see from the report before you. I can save a great deal of your time if I tell you that five of these amendments—the first, second, third, seventh and eighth—are purely of a technical or editorial nature. They do not amend the substance of the bill in any way and I will not take any time in explaining them.

The amendments numbered 4, 5 and 6 in the committee report embody the major changes recommended by your committee. I will deal first with clause 48 of the new Part V, which is number 4 of the committee report and refers to possession of cannabis.

Your committee was concerned that with respect to the offence of possession of cannabis—that is, simple possession for personal use—a criminal record attaches to all first offenders, even to those who have received an absolute or conditional discharge under the *Criminal Code*.

Under section 662.1 of the *Criminal Code*, where an accused pleads guilty or is found guilty of an offence other than an offence for which a minimum punishment is prescribed by law, or an offence punishable by imprisonment for 14 years or for life or by death, the court may, and I quote the Code:

... if it considers it to be in the best interests of the accused and not contrary to the public interest, instead of convicting the accused, by order direct that the accused be discharged absolutely or upon the conditions prescribed in a probation order.

This is now in the *Criminal Code* and has been in the *Criminal Code* since 1972. It is not being inserted there as a result of amendments by this committee to the bill before us. We learned, however, that a discharge, whether absolute or conditional, does not remove the criminal record. To remove the adverse effects of the record, the person concerned must apply for a pardon under the provisions of the *Criminal Records Act*. On an absolute discharge for first possession there is a minimum delay of one year. In other words, the person concerned cannot, before one year, apply for a pardon. The committee found that many—in fact most—offenders do not apply for a pardon. It may be that they are unaware of their rights or

they may fear the investigations which have to be made following an application. Those who do apply are faced with lengthy delays before the application is disposed of. Until a pardon is granted the record remains.

The committee therefore proposes an amendment which provides that where an accused is discharged under subsection (1) of section 662 of the Criminal Code on a first offence—and we are only dealing with first offences—for possession of cannabis, he shall be deemed to have been granted a pardon under the Criminal Records Act. The pardon will be effective immediately in the case of an absolute discharge, and at the termination of the probation period in the case of a conditional discharge.

This is intended to save the accused, particularly youngsters, from going through life with a criminal record for what I have said is a first offence of possession of cannabis where he has been discharged by the court. The pardon is conditional upon a discharge being granted by the court under the provisions of the Criminal Code. This is the major amendment that has been made to the bill by the committee.

I now come to clause 49(3)(b), which, in the report of the committee before you, is No. 5. This deals with trafficking and possession for the purpose of trafficking. I have, until now, been talking solely of a first offence of simple possession for personal use. I now deal with the penalty for trafficking and for possession for the purpose of trafficking.

Bill S-19, as presented to us, would reduce the maximum penalty, upon conviction on indictment for trafficking and for possession for the purpose of trafficking, to 10 years. Your committee could not agree with this, because it considered trafficking a particularly serious offence. It therefore proposes an amendment which will increase the proposed maximum to 14 years less one day, instead of 10 years. This would be consistent with the maximum for importing and exporting.

Let me explain why the committee fixed 14 years less one day. The purpose of this is to allow the discharge provisions of the Criminal Code to continue to apply, in the discretion of the court, in appropriate cases. The discharge provisions, otherwise, are not applicable to offences punishable by imprisonment for 14 years, and that is why we suggest increasing the proposed maximum from 10 years to 14 years less one day in the case of trafficking and/or possession for the purpose of trafficking.

The next amendment to which I will refer is clause 50, subsection (2), and that is No. 6 of the committee's report. This deals with the penalty for importing and exporting cannabis.

Bill S-19 fixes a maximum penalty of 14 years and a minimum penalty of three years upon conviction on indictment for importing or exporting cannabis. The minimum of three years does not apply where the accused establishes that he has imported or exported for his own consumption only. The committee believes that the courts should not be restricted in any way in the exercise of their discretion in sentencing, and therefore its amendment removes the minimum penalty. The maximum penalty, as in the case of trafficking and possession for the purposes

of trafficking, will, under the amendment, be 14 years less one day in order, once again, to permit the court to apply the discharge provisions in appropriate cases in their discretion.

● (2030)

I have now summarized the principal amendments proposed by your committee. Your committee appreciates that its amendment to clause 48, that is, to the clause dealing with possession, introduces an exception to the general law under the Criminal Records Act affecting conditional and unconditional discharges under the Criminal Code, because under the Criminal Records Act there must be an application for a pardon, and we are recommending that in certain cases a pardon be deemed to have been granted. Your committee believes that application of this principle might be appropriate in the case of other criminal offences where the court directs a conditional or unconditional discharge for a first offence. Accordingly, in addition to the specific amendments proposed, we recommend that the government consider the advisability of extending to other offences the principle contained in the amendment to clause 48 so that where an accused is discharged by the court for a first offence he shall be deemed to have been granted a pardon either immediately, in the case of an absolute discharge, or on the termination of the period of probation in the case of a conditional discharge.

This, honourable senators, summarizes the report of the committee and I hope you will pardon me if I repeat something that I have already said. The committee uses the term "discharge" but I want you to remember that the committee is not establishing the principle of conditional and unconditional discharges. The right to discharge is now in the Criminal Code and is exercisable at the discretion of the judge. The committee follows through by recommending that a pardon shall be deemed to have been granted but only in a case where a judge has seen it appropriate to grant a conditional or unconditional discharge for a first offence for the possession of cannabis. That is our principal recommendation.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Goldenberg: Honourable senators, I move that the report be taken into consideration at the next sitting.

Motion agreed to.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED

Senator Sparrow, for Senator Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report of the committee:

Thursday, May 22, 1975.

The Standing Senate Committee on National Finance, to which the Estimates laid before Parliament for the fiscal year ending March 31, 1976 were referred, has in obedience to the order of reference of Thursday, the 20th of February 1975, examined the said Estimates and reports as follows:

1. Your committee was authorized by the Senate, as recorded in the *Minutes of the Proceedings of the Senate*

of the 20th of February 1975, "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending the 31st March, 1976, in advance of bills based upon the said Estimates reaching the Senate."

2. In obedience to the foregoing, your committee made a general examination of the Estimates and heard evidence from the Honourable J. Chrétien, President of the Treasury Board, and Mr. B. A. MacDonald, Deputy Secretary, Program Branch, Treasury Board.

3. The Main Estimates for 1975-76 amount to \$29,585 million. Of this amount \$13,907 million are statutory in nature, \$14,335 million represent funds for which Parliament is asked to provide new authority and \$1,343 million are non-budgetary items being loans, investments and advances. In the 1974-75 fiscal year the Main Estimates amounted to \$23,297 million and by four Supplementary Estimates they were increased to \$28,233 million, of which \$12,934 million were statutory in nature, \$13,595 million representing funds for which Parliament is asked to provide new authority and \$1,704 million in non-budgetary items.

4. The difference between the Main Budgetary Estimates of 1975-76 (\$28,242 million) and the Main Budgetary Estimates of 1974-75 (\$22,023 million) is \$6,219 million, an increase of 28.2 per cent. It is likely that this percentage increase will also pertain to the difference between the final budgetary authorization for 1975-76 and for 1974-75, observing the increase in budgetary expenditures between March 31, 1973 and March 31, 1974 was 23.7 per cent and between March 31, 1974 and March 31, 1975 was 29 per cent. It is noted that between March 31, 1973 and March 31, 1974 (the latest complete fiscal year for which a figure is available) the GNP increased by 15.6 per cent.

In the same vein, during the last ten years the budgetary estimates have increased from a total \$7,979 million in 1965-66 to \$28,241 million in 1975-76 which will eventually be larger due to Supplementary Estimates. It is a ten year increase of 253 per cent.

The growth of budgetary expenditures by function between 1966-67 and 1974-75 is as follows:

| | (\$ millions) | | |
|---------------------------------------|---------------|---------------------|----------|
| | 66-67 | 74-75 (forecast) | Increase |
| Health and welfare | 1,994 | 7,023 | 5,029 |
| Economic development and support | 1,205 | 4,342 | 3,137 |
| Public debt | 1,191 | 3,175 | 1,984 |
| Defence | 1,651 | 2,512 | 861 |
| Fiscal transfer payments to provinces | 515 | 2,631 | 2,116 |
| Transportation and communications | 941 | 1,934 | 993 |
| General government services | 372 | 1,214 | 842 |
| Internal overhead expenses | 391 | 887 | 496 |
| Foreign affairs | 230 | 512 | 282 |
| Culture and recreation | 218 | 580 | 362 |
| Education assistance | 90 | 643 | 553 |

[Senator Sparrow.]

You will note that by far the largest increase in expenditure is in Health and Welfare, whose percentage of the estimates for 1975-76 will be 27.8 per cent.

Expenditures by the various levels of government, exclusive of transfer payments, have grown between 1964 and 1973 as shown in the following table which is for calendar years and also includes the percentage of the GNP.

| | (\$ millions) | | |
|------------------------|-----------------|-----------------|----------|
| | 1964 | 1973 | Increase |
| All governments | 14,905 29.6% | 44,755 37.6% | 29,850 |
| Federal government | 6,758 13.4% | 17,595 14.8% | 10,837 |
| Provincial governments | 3,245 6.5% | 12,993 10.9% | 9,748 |
| Local governments | 3,848 7.7% | 10,500 8.8% | 6,652 |
| Hospitals | 1,054 2.1% | 3,261 2.7% | 2,207 |
| Pensions | -- | 406 .3% | 406 |

Your committee also notes that the number of continuing employees on the 30th of September 1973 was 272,089 and the number of planned continuing employees for 31st of March 1976 will be 321,668. This is a jump of 49,579 or 18 per cent in two and one-half years.

5. In comparing the Main Estimates of 1975-76 with the final authorization of 1974-75 some of the major increases are as follows:

| Increases in Statutory Items | | (\$ millions) |
|---|--|---------------|
| Fiscal Transfer Payments Program | | 463 |
| Public Debt Program | | 455 |
| Hospital Insurance Contributions | | 261 |
| Family Allowance Payments | | 171 |
| Medical Care Contributions | | 100 |
| Canada Assistance Plan Payments | | 69 |
| Increases in Voted Items | | |
| Defence Services | | 345 |
| Post Office | | 190 |
| Canadian International Development Agency | | 152 |
| Payment of subsidies on Imported Oil | | 136 |
| Central Mortgage and Housing Corporation | | 100 |
| Accommodation Program | | 97 |
| Royal Canadian Mounted Police | | 74 |
| Northern Affairs | | 65 |
| Correctional Services Program | | 59 |
| Development and Utilization of Manpower Program | | 57 |
| Indian and Eskimo Affairs Program | | 56 |
| Canadian Broadcasting Corporation | | 54 |

| | |
|----------------------------------|-----|
| Air Transportation Program | 52 |
| Increases in Non-Budgetary Items | |
| Supply and Services | 185 |
| Canadian National Railways | 147 |
| Atomic Energy of Canada Ltd. | 72 |

Your Committee views with concern the continuing authority established by an Appropriation Act of 1965 which gives the Canadian International Development Agency non-lapsing authority to carry over funds from year to year. Your Committee reiterates an opinion that it has expressed a number of times in the past that an authority of this nature should emanate from an act of Parliament and not from an Appropriation Act.

Respectfully submitted.

D. D. Everett,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Sparrow: I move that the report be taken into consideration at the next sitting.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting tomorrow, Wednesday, May 28, 1975, and on Wednesday, June 4, 1975, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Honourable senators, you have heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Senator Flynn: Explain.

Senator Langlois: Honourable senators, I shall be happy to add a word of explanation. As far as tomorrow is concerned, this motion will have practically no effect at all since the committee is scheduled to sit "at 3.30 or when the Senate rises." The motion is simply made as a precaution in case there should be some overlapping, amounting to perhaps a few minutes or a quarter of an hour at the most. That is one of the reasons for it. The other reason is that witnesses have been called and sittings have been arranged since last week, and I mentioned this meeting in dealing with the business of the Senate on the motion for adjournment on Thursday afternoon last. The same explanation applies to the sitting arranged for the following week.

Motion agreed to.

PRIVILEGES AND IMMUNITIES (INTERNATIONAL ORGANIZATIONS) ACT

BILL TO AMEND—THIRD READING

Senator van Roggen moved the third reading of Bill S-25, to amend the Privileges and Immunities (International Organizations) Act.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

NATIONAL COMMERCIAL BANK OF CANADA—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Hays, P.C., seconded by the Honourable Senator McIlraith, P.C., for the second reading of the Bill S-24, intituled: "An Act to incorporate the National Commercial Bank of Canada".—(*Honourable Senator Choquette*).

Senator Flynn: Honourable senators, Senator Choquette moved the adjournment of this debate last week at my suggestion simply to permit the sponsor of the bill, Senator Hays, to comment on the questions raised by Senator Grosart. Therefore, with the permission of the Senate, I am prepared to yield now to Senator Hays.

The Hon. the Speaker: Is there unanimous consent?

Hon. Senators: Agreed.

The Hon. the Speaker: I must inform the Senate that if Senator Hays speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Harry Hays: Honourable senators, questions were asked during the debate on second reading of Bill S-24 by Senator Grosart, and I shall attempt to answer some of them. I should at this stage inform the Senate that if this bill receives second reading it is my intention to move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce for further consideration.

In dealing with the questions asked I shall not stay necessarily with the order in which they were asked. The first question, I think, was as to the meaning of the term "wholesale bank". It is within the concept of this expression to distinguish from existing banks the proposed operation of the new bank, which will engage in consumer-oriented activities—that is, retail business. It should be observed, however, that the Mercantile Bank of Canada is similar to that which is proposed. In other words, it will carry on much the same sort of business as the now functioning Mercantile Bank of Canada.

● (2040)

Another question related to the pension funds of crown corporations being invested in the new bank. Of 25 trustee pension funds of crown corporations which were approached, none has invested or even committed itself to invest in the new bank. These trustee pension funds are professionally managed and controlled by trustees with responsibilities to look after the interests of the beneficiaries, and to invest in a broad range of stocks, bonds and mortgages, including bank stocks. In most cases their

investment powers are restricted by the provisions of existing legislation.

I believe, honourable senators, those were the two main questions. If there are any other questions that honourable senators—

Senator Flynn: I believe the use of a name which is somewhat similar to those of two other banks now actually in operation was also raised.

Senator Hays: In connection with the name, I have spoken to the principals of the proposed bank and they are quite prepared to reconsider and devise a name that would be satisfactory. They are not bound to the name National Commercial Bank of Canada, and do not wish to infringe on the rights of others. In this regard they would be pleased to consider a change of name and, as a matter of fact, would probably suggest another one at the time of the bill's examination in committee.

Senator Langlois: Has this name been cleared with the proper authorities?

Senator Hays: It is either in the process of being cleared, or has been cleared.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Hays, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

CRIMINAL CODE (COMMUTATION OF DEATH SENTENCE)

BILL TO AMEND—SECOND READING—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion, in amendment, of the Honourable Senator Neiman, seconded by the Honourable Senator Norrie, to the motion of the Honourable Senator Robichaud, P.C., seconded by the Honourable Senator Eudes, for the second reading of the Bill S-21, intituled: "An Act to amend the Criminal Code (commutation of death sentence)".—(*Honourable Senator Robichaud, P.C.*).

Senator Robichaud: I yield to the Honourable Senator Croll.

Senator Croll: Thank you, Senator Robichaud.

The Hon. the Speaker: Is it agreed, honourable senators, that the Honourable Senator Croll speak now?

Hon. Senators: Agreed.

Hon. David A. Croll: Honourable senators, this bill, together with another, deals with a very important subject. The legislation now under consideration concerns commutation and, more particularly, the royal prerogative. The bill introduced by Senator Argue provides for the abolition of capital punishment. In my opinion, the Robichaud bill raises some questions of advisability and constitutionality; it tampers with justice and mercy. Under pressure of events, and from his experience and knowledge of political practice, Senator Robichaud drew up a rather clever bill and presented it for the consideration of the

Senate. However, some real difficulties exist in connection with it, and we also have Senator Argue's bill respecting abolition.

Senator Flynn: Is that a new manner of describing bills, by way of the name of the sponsor?

Senator Croll: I am sorry, but the designations S-21 and S-23 really do not help.

Senator Argue's bill on abolition calls for a straightforward yes or no to the question, "Are you in favour of capital punishment, or are you against it?" Debates have taken place in this chamber which have been both erudite and well reasoned. However, my own impression is that no one listens. If today's debate is missed there will always be another tomorrow, the day after and the day after that, and decisions we seldom make.

There is in this country at the present time a great moral issue—that of capital punishment. The young are interested, the old are concerned, and wherever one goes the issue follows. Unlike other great issues, this cuts across political lines, cultural outlooks, educational attainments and religious beliefs. One could walk into a union hall, a university faculty meeting, or a religious conclave and hear definitive, honest, deeply held views on either side of the question. If honourable senators remember the speech made by Senator Hicks during the debate—

Senator Flynn: Are you speaking to the amendment, or to the main motion?

Senator Croll: I am speaking to both the amendment and the main motion. It is a general debate.

Senator Flynn: The motion is that the bill be not now read a second time, and that the subject-matter be referred to committee.

Senator Langlois: It is a bilingual speech.

Senator Flynn: It would be more orderly if you would speak to the amendment.

Senator Croll: I will be getting to it, but I am now indicating my view as to what should be done.

The speech of Senator Hicks, who is a man of great intellect, an outstanding citizen, was in favour of capital punishment, but he concluded by saying there is no reason to consider him—and I paraphrase—a savage because of that belief. On the other hand, the speech of Senator O'Leary, also an outstanding citizen of great intellect, was all in favour of abolition, and implied that anyone who did not agree with abolition was, naturally, a savage.

Senator Flynn: That is out of order and irrelevant.

Senator Croll: We cannot tolerate a law in this country which one may or may not follow. That applies to governments as well as to individuals. A law might be wrong, in which event we must change it. Social views change, standards change, and laws change. The question of capital punishment is being debated in this country to such a degree today that I believe the people are ahead of the politicians. A great number of them have made up their minds, or are making up their minds, even before all the evidence is in. We in the Senate are senior parliamentarians, we are elders, we are statesmen—

● (2050)

Senator Bourget: And we are slow.

Senator Croll: And we have lived for a considerable number of years. We are experienced and knowledgeable. We are people of considerable attainment and good will. We have been shocked by hangings and by murders and in the present confusion, now is the time not only for us to speak out but to take decisive action.

The Gallup Poll is heeded in this country, private polls are given credence, and, in my opinion, the time has come for a Senate poll. The time has come not for talk, not for discussion, not for pussyfooting, but for decision.

It is my suggestion that we should do as the House of Commons does on various occasions when an important subject arises, and that is set aside a special time—it may be one day, two days or more—for the purpose of discussing this very important problem. We can set aside one or two days, and fix a definite time for a vote, and every senator could be notified to be on hand at that time. It may be that a new argument will be presented, although I doubt that very much, but the country needs guidance and leadership at this time. This is a grand opportunity for us to have a sober first thought rather than a sober second thought, because we are not messengers, we are not delegates, but persons in our own right and we know our responsibilities.

This is a new role and it should be a welcome one. I am sure the country would appreciate our efforts, would be influenced by our conclusions and impressed by our decision, because this is a matter of life and death. It is a very important matter.

Senator Flynn: Obviously.

Senator Croll: It is an opportunity we should not miss. My recommendation is that rather than deal with this bill at the present time, we should, once and for all, deal with the problem of capital punishment and make a decision, so that the country will not lean toward an emotional decision arising from fears and prejudices.

This chamber has a voice of understanding, it has reason and experience. Those qualities are available to the people of Canada, and they should be welcomed.

I repeat, we should not proceed with the bill at the present time, but should proceed on the main question—namely, that contained in the bill introduced by Senator Argue. There should be a special debate on it to attract attention. If a time limit of 20 minutes were imposed on speeches it would be possible for many honourable senators to speak on the subject and thereby give the country the benefit of their views, because the views of the Senate are worthwhile.

I hope that consideration will be given to my suggestion, and that the bill introduced by Senator Robichaud will not be proceeded with until we decide what we shall do with the other bill of a similar nature that is before us.

Senator Flynn: Honourable senators, in order that we may consider the words of Senator Croll, I move the adjournment of the debate.

Senator Croll: Senator Robichaud asked for the adjournment.

On motion of Senator Flynn, debate adjourned.

INDUSTRY

CANADIAN TEXTILE PROBLEMS—SUBJECT MATTER REFERRED TO BANKING, TRADE AND COMMERCE COMMITTEE

The Senate resumed from Wednesday, May 21, the debate on the inquiry of Senator Desruisseaux calling the attention of the Senate to Canadian textile problems.

Hon. Paul Desruisseaux: Honourable senators, first I wish to thank you for allowing me the opportunity to pursue this subject.

[Translation]

Honourable senators, I wish to thank the government leader for the report he presented last Wednesday on the efforts made by the government and the Department of Industry, Trade and Commerce to improve the situation of the Canadian textile industry. Of course, I approve the efforts of the department and I want to show my gratitude and my appreciation. I do not want to undervalue the action of the minister and his team.

[English]

I commented last Wednesday that the setting aside of the proposal for a committee inquiry and report on the Canadian textile industry, and the foregoing of any hope of appropriate constructive committee recommendations, was both deplorable and regrettable. It would give the impression that the government wishes to evade any textile inquiry while the department proceeds in its review of the policy without the embarrassment of Senate recommendations.

Despite the accomplishment of the Minister of Industry, Trade and Commerce, rightly heralded by the Leader of the Government in the Senate, the question of Canadian textiles remains a major problem. The industry employs some 20 per cent of all manufacturing workers in Quebec, and it is also of primary importance in Ontario. What has been done about the problem in the last few years is not enough. The situation remains unsatisfactory, not only in the opinion of textile workers and the industry but also in the opinion of many economists.

I believe that sooner or later—probably sooner than we think—there will have to be important political international trade policy changes, not only in the textile industry but affecting nearly every federal trade policy touching our secondary industries which provide our industrialized provinces with the greater part of their daily bread and butter, and, until recently, a guaranteed balanced economy.

During the past three years we have witnessed our largest international trade deficits ever. This is not our first such experience. Until a decade ago, such trade vacuums were filled by foreign money investments which were then welcomed in Canada. A few days ago we were still heralding our wish to become more independent of foreign investments, while we were short of more than \$5 billion to cover recent trade deficits.

Canadian trade exports are now dropping persistently, and the tempo is increasing. Our position is disturbing. We can hardly sit back and just reason, as we have heard, that it is caused by a Canadian depression. We know that our export trade, whatever remains of it now, is in good part being bought at a very high price by Canadians. It is being paid for by Canadians with the allowance of mass imports

that we are committed to protect, as well as through the lifting of our protective tariffs pursuant to our international agreements which, as we know, are presently not paying off at all.

● (2100)

Whatever the heralded claim that efforts are now being made to improve Canadian textile production, the grave situation in the textile industry persists. It is the cause of a justified major Canadian concern. To me, these are facts and happenings that transcend any explanation given by the Department of Industry, Trade and Commerce. The department has the full responsibility for textile trade policies, and those policies, as I said, are proving unsatisfactory, regardless of the minimal corrections that have been witnessed lately.

No other industrialized country allows the disintegration of its secondary industries, or allows the long delays we in Canada have allowed before giving consideration to some form of protection to ease production problems. No country has allowed imports to rapidly take over a larger and larger share of its domestic market, as has been the case in Canada. Why is it being allowed in Canada? Is it not a weakness we should correct?

The Textile and Clothing Board, to which many references have been made, is, in reality, constrained by the narrow jurisdiction conferred upon it by Bill C-125, which forces it to operate under a very rigid concept of proof of damage or injury. Its role, widely broadcast, has been limited, for the most part, to examining historical situations of damage or injury, rather than being enabled to take a forward look at the possibilities of the industry's expansion and development. Need I also underline the delays in reacting to injurious import pressure which has arisen because of considerable intergovernmental consultations after board recommendations have been made?

There are indeed many questions about the textile industry in Canada that should be answered. It is time to re-examine, as other countries have done and are doing quite regularly, our trade policies governing access of imports to the Canadian market, and we need only look to the highly successful American experience in that regard. Would it not be better to have such a re-examination before the undertaking of an official departmental review, since the report of the department will commit the department and the minister and will then reset the government's textile policies?

Why is it that people in the textile industry are never, or seldom, in on these studies or the information of revised policies? Why is it that an official channel is not provided through which the industry itself can have an input into the negotiation of restraints, and even into the discussions on Canadian textile policies?

It is difficult to understand why restraints have been negotiated with so few countries, and why the products covered by such restraints are so few. Why have the exporting countries been given the responsibility for the often too slack enforcement of restraints? Why is it that Canada is one of the very few industrialized countries which has no machinery for imposing mandatory import quotas?

[Senator Desruisseaux.]

Two years after the joint union-management submission, the then Minister of Industry, Trade and Commerce announced the federal government's plan to introduce the Canadian textile policy of the 1970s. Was this not too long a delay for an industry in deep trouble, principally because of government policies?

The government announced that its textile policy was, first of all, to protect the textile industry; secondly, to see to it that the industry could compete on an equal footing in the home market with foreign goods marked up by the value of the tariff; and thirdly, to retain the advantage for Canadian textiles. None of these objectives have been realized. Nowhere in its policies does the federal government assume responsibility for the survival and health of the Canadian textile industry, as it has done in respect of other industries in trouble.

I must reaffirm again, because of what was said, that one of the mandates of the Textile and Clothing board, as we are all aware, is to conduct inquiries in order to determine whether certain goods are being imported into Canada in such a manner as to cause or threaten serious injury to Canadian textile production. In making its recommendations, we realize that the Textile and Clothing Board has to take into account five given sets of circumstances, some of which take away its freedom in making recommendations. It finds itself handcuffed, so to speak, and handicapped to the extent that it is prevented from freely reaching its decisions and making the recommendations it desires.

Since the Textile and Clothing Board was set up some four years ago, it has examined 14 textile products or product groups. It has issued 30 reports and reviews, and one interim report. To correct any possible wrong impression, let me say that in 10 cases it found injury or threat of injury, and in five cases no injury. Approximately 26,600 people engaged in the production of goods were injured or threatened with injury by imports, and this was said to represent 14.9 per cent of the total work force in textiles and clothing as of June 1971.

● (2110)

In spite of their importance to the survival of the industry, the board's recommendations were only fractionally followed. Moreover, the nearest the board got to initiating its own inquiries, as article IX of the act allows it to do, and as the concerned industry had hoped, was a decision to hold a new inquiry into the shirt situation, after having twice reviewed and recommended the continuation of the restraints it had originally proposed. There were actually some 30 reports or reviews in four years, with an average time lag between the announcement of an inquiry and the submission of conclusions to the minister of about four and a half months. Admittedly, it did not leave the three-man board with much time to undertake inquiries on their own. It seems as if the watchdog role that is now being spoken about was somewhat beyond its capacity.

According to an important report on the textile situation, until February 1975 all recommended protective measures were directly against low-cost countries, usually in Asia or Eastern Europe. Although complaints of injury caused by United States or Western European exports had been brought forward—and they were again last week in a full page report in Montreal's *La Presse*—the Textile and

Clothing Board considered that the tariff or anti-dumping legislation could offer sufficient protection. In the last four or five years, I believe, the increased importation from the United States alone was 109 per cent. Yet, it was notorious that anti-dumping was scarcely applied. In the case of polyester filament yarn imports, however, the board finally recommended adoption of a surcharge to set a floor price for the commodity in Canada without calling back on the quantity available for fabric manufacturers.

One has the strong impression that the board has been somehow making a real effort to keep restrictions to a minimum and to exclude related product lines in which Canadian manufacturers are not as threatened, according to a report not yet released. They were piecemeal and backward affairs rather than forward-looking at the advancement and expansion of Canadian textiles.

Mr. Pepin's textile speech had also a formal promise. Canada Manpower Centres would work closely with firms laying off workers in the context of the policy. But despite the prevailing low level of skills, the well-known immobility of workers in primary textile areas, such as my own area, the policy made no innovations in this field and thus did not really keep the promise made. This, however, did affect our unemployed textile workers.

One report underlined that the Textile and Clothing Board mandate, which was to examine the production in Canada of specific products in terms of possible injury from imports, viability and acceptability of adjustment plans, would inevitably lead to a piecemeal approach. The board should be allowed to adopt a more comprehensive forward-looking mandate for its inquiries. This could have been helped by a Senate committee study of the textile industry. There is dissatisfaction with the way in which the government implemented the Textile and Clothing Board recommendations and outweighed the primary manufacturers' satisfaction with the board's understanding of their problems. Delays, dilution of recommendations and poor government-industry relationships were objects of criticism. There was and is general tardiness anyway in accepting the board's recommendations, in negotiating agreements, and in publishing and enforcing them. These are said to be some of the drawbacks of the present policy.

There was much frustration since, after having successfully proved the existence of imminent threat and damage from exports, those concerned were obliged to wait several months before import restraints were finally negotiated with exporting countries. Damage was thus done to the industry, and through the use of this time device textile workers became unemployed. There was much dilution and alteration of the Textile and Clothing Board recommendations. This was not in the spirit of the guidelines given in the textile policy speech. The textile industry, however, was again getting the raw deal accolade.

In the case of shirt quotas, the board recommended that a global quota be negotiated "at the earliest practicable date," but not later than October 1, 1971. It was in fact negotiated November 30, 1971, and was thus much less effective than planned by the Textile and Clothing Board. It appeared to have been made to work against our textile industry in spite of the favourable recommendations of the board.

Restraints on double knit and warp knit fabrics were somewhat different from those recommended by the Textile and Clothing Board, but again the textile industry was the loser. In its first report on this, the board recommended that restraints be negotiated separately with Japan, Hong Kong, Taiwan, and South Korea, but not later than July 1, 1972. I believe our leader said something about the arrangements. On October 3, 1972, the minister announced that the board's recommendations had been accepted, but although the restraints negotiated respected the overall ceiling suggested by the board, no restraints had been negotiated with Hong Kong or Taiwan, and that of South Korea came into effect only on October 1. Again the textile industry became the heavy loser.

In December 1972 the board had recommended that steps be taken to prepare the imposition of a surcharge on imports of polyester filament yarns. The board also stated that it would have to recommend the immediate use of such a surcharge if the situation did not start improving.

● (2120)

The government made no official comment at the time, but when the Textile and Clothing Board recommended the use of a surcharge to set a floor for yarn prices in Canada, the minister refused to adopt the recommendation on the ground that the government required further information. That had the effect of giving another black eye to the Canadian textile industry. The minister is not, of course, obliged to accede to the board's recommendations. He may refuse to consider the board's recommendations or he may modify the recommendations after consulting with the interdepartmental committee and with the other members of cabinet. It is possible also that the minister, despite having accepted certain recommendations, will find that in practice it is not possible to negotiate restraints in accordance with those recommendations.

I said in April that the arrangements regarding international trade in textiles did permit mandatory restraints under certain circumstances, but that this was not popular—as is well known in government circles.

According to a non-governmental confidential report which has not yet been published, it seems as if the government prefers to modify the Textile and Clothing Board's recommendations in order to negotiate voluntary export restraints. The government has really been leaning backward to give foreign exporters an over-generous deal.

In concluding my remarks this evening, may I emphasize that it is absolutely necessary for the primary sector to develop a much better relationship with those responsible for implementing the board's recommendations than presently exists. The evidence is that restraint agreements do not at all encourage domestic industry to feel it is a partner with government in the implementing of a textile policy established to help Canadian textiles to survive and expand. The policy should be reviewed and altered. Whatever controls are imposed or negotiated should be policed much more attentively than has been the case. Past reluctance to do so has had the result that Canada has not been as well served as it should have been. The volume of imports into this country should be controlled by Canada, not by the exporters' home governments. Overshipment should be penalized and annual limits should be broken

down into monthly limits, or at least quarterly shares. This would help clear up some of the confusion.

In the requests for a tightening-up of Canadian import procedures, both control and surveillance are at issue. There should be an immediate, efficient, country-to-country registration of all imports of goods that have been subjected to Textile and Clothing Board inquiries. The rationalization of the tariff structure for textile and clothing goods should be made without further delay, in accordance with what was promised.

Mr. Jean-Luc Pepin announced that anti-dumping procedures—which predate the textile policy—would be used to complement the policy, and that, if necessary, modifications would be made to the anti-dumping regulations. But anti-dumping sanctions are never imposed until such proof is forthcoming. In other countries, including the United States, sales below cost are also treated as dumping, and sanctions can be imposed as soon as the suspected dumping is reported. That procedure is effective and has produced excellent results in those countries. Canadian anti-dumping laws should be revised along similar lines to be made more effective.

Recently we were informed in the Senate that the advisers of the Minister of Industry, Trade and Commerce with respect to textile matters are currently reviewing the 1970 policy developed by the Honourable Jean-Luc Pepin. I can only express the hope that this time, when the policy is reviewed, it will be reformulated with the help of the leaders of our textile industries. After all, they are the people principally interested in the success of an effective textile policy. They are interested in the general prosperity of their workers and they certainly know better than anyone else the problems inherent in the textile industry in respect of production, marketing and importation.

So far as I am concerned, regardless of what we have heard here or anywhere else, the textile industry has certainly had a raw deal, especially with respect to the textile workers who are now unemployed.

Honourable senators, when I first brought the problem of the textile industry to the attention of the Senate, it was my intention to help those unemployed workers of the industry and to help the textile industry as a whole. I felt reasonably sure that their problems would receive the best possible consideration in this forum. Both personally and on behalf of the unemployed workers of the textile industry, I should like to express my gratitude and appreciation to all of you who have participated in this debate. However, I feel compelled to say that I fully disagree with certain of the statements of the department as reported here last Wednesday. I do not intend to rebut what was said on that occasion, though. For that matter, it would not change anyone's thinking anyway.

Having said that, I should like to quote what was said last Wednesday:

The position of the government at the present time is that the most useful way of studying the textile industry problems is by this departmental review. There is no present intention to introduce measures in the House of Commons to study this matter, in view of the review which is going ahead in the department.

[Senator Desruisseaux.]

That is a clear indication that no committee inquiry is presently desired by the government, and for that reason I will not make a motion to instigate a Senate committee inquiry. I do not agree, however, that the way the minister is proceeding is the most useful way of studying our complex textile problems. The facts on textiles have been exposed as thoroughly as possible in this place so far; however, there is little chance to analyze them fully here. There is also reason to believe that a textile policy that was established after all sides had been heard would have been more helpful than the one that can now be expected.

● (2130)

The situation created by massive textile unemployment is nothing short of a scandal. It is regrettable that it took demonstrations by unemployed textile workers to attract public and government attention. In a small way, what has been said here on textiles was intended to reactivate a more serious analysis of the textile problem by the department. The unexplainable rigidity of certain people in relation to the board's and the industry's recommendations does not make it easy to have any well-intentioned appraisal of the causes of textile problems.

To me the present policy on textiles, and the policies respecting a number of imports affecting our secondary industries, are responsible for an appreciable proportion of Canadian unemployment.

In 1976 we have to renew our GATT arrangements with foreign countries. As I have said, it seems certain that we are preparing badly for this. The cost to Canadians of gaining so few advantages was too high in the past. It contributed too much to our international trade deficits, and did too much damage to the important area where textile and other secondary industries operate.

Two weeks ago the leader of the separatists in Quebec, René Levesque, with the help of our good old CBC, expounded on what the federal government was doing to my province with its secondary industry trade policies. Mr. Levesque made me feel that we were, to all intents and purposes, the sacrificial goats of the federal department in its trading with foreign countries, the object of which was to gain certain advantages through grain sales which we would have made anyway. I foresee that if the present rigidity of policy is maintained, there will be a still higher price to be paid by Canadians.

I have tried to inform the Senate, the government and the public on certain textile facts, as correctly as I could. I hope what I have said has been taken or interpreted as a desire to contribute constructively. I want to thank Senator Asselin, Senator Bourget, Senator Grosart, the Leader of the Government and others for having helped to air some aspects of this important problem. I do hope it was not in vain.

[Translation]

Hon. Martial Asselin: Honourable senators, I would now like to put a motion. I thought that at the end of his speech Senator Desruisseaux would move that the inquiry be referred to the appropriate Senate committee for thorough consideration of the problem, since the purpose of that inquiry in the Senate was, I think, to draw the attention of the many organizations dealing with the textile industry. Moreover, I would believe that although an

extensive debate was held in this house, since several senators have spoken on the matter, the public would be interested in learning more about the textile policies of the government. This is why, in view of the debate which was held here, I think that it would be proper for me to put a formal motion to the effect that the inquiry be

referred to the Senate Committee on Banking, Trade and Commerce for thorough consideration.

[*English*]

Motion agreed to.

● (0000)

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 28, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DOCUMENTS TABLED

Senator Langlois tabled:

Report of the Public Service Commission of Canada for the year ended December 31, 1974, pursuant to section 45 of the Public Service Employment Act, Chapter P-32, R.S.C., 1970.

Report of the Public Service Commission on Positions or Persons excluded from the operation of the Public Service Employment Act for the year ended December 31, 1974, pursuant to section 45 of the said Act, Chapter P-32, R.S.C., 1970

Report of the Public Service Commission on Delegation of Staffing Authority for the year ended December 31, 1974, pursuant to section 45 of the Public Service Employment Act, Chapter P-32, R.S.C., 1970.

Report of the Canadian Turkey Marketing Agency, together with financial statements and the auditors' report thereon, for the year ended December 31, 1974, pursuant to section 31 of the Farm Products Marketing Agencies Act, Chapter 65, Statutes of Canada, 1970-71-72.

AIRCRAFT REGISTRY BILL

REPORT OF COMMITTEE—DEBATE ADJOURNED

Senator Bourget, Deputy Chairman of the Standing Senate Committee on Transport and Communications, presented the following report of the committee:

Wednesday, May 21, 1975

The Standing Senate Committee on Transport and Communications to which was referred the Bill S-5, intituled: "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft," has in obedience to the order of reference of October 23, 1974, examined the said bill and now reports as follows:

Your committee recommends that this bill be not proceeded with further in the Senate for the following reason:

This bill, which would establish in Canada a central aircraft registry, deals with the protection of certain property rights and other interests in aircraft and, in the considered view of your committee, its enactment by the Parliament of Canada would, in the absence of a clear judicial determination of its constitutionality, give rise to considerable uncertainty as to whether or not the matters to which it extends come within a class of subject over which

the Parliament of Canada has exclusive jurisdiction.

Your committee further reports that in the course of its consideration of the constitutional aspects of this bill, a letter from the chairman was sent to each of the provincial attorneys-general to solicit their views on the proposed legislation. In replying to the letter, the provinces expressed concern over the constitutional problems the bill would create in the absence of clearly valid complementary federal and provincial legislation. The provinces, as well as the witnesses heard by your committee, expressed the view that the bill, if enacted, would result in confusion, unless some effort were made in consultation with the provinces to resolve in advance potential conflicts with existing provincial statutes relating to property rights and mortgages.

Respectfully submitted.

Maurice Bourget
Deputy Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Bourget: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

The Hon. the Speaker: Is there unanimous consent?

Hon. Senators: Agreed.

[Translation]

Hon. Maurice Bourget: Honourable senators, Bill S-5, intituled: "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft" was read the second time and referred to the Standing Senate Committee on Transport and Communications.

A number of witnesses appeared, including representatives of various financial institutions and the Canadian Bankers Association, as well as an official from the Legal Branch of the Department of Transport. Written representations had also been submitted by the Canadian Bar Association and other interested parties.

Following discussions in committee, the chairman was authorized to contact the attorney general of each and every province and seek their reaction to this legislation generally, but especially to its constitutional aspect. Their reply can be summarized as follows—I understand that this correspondence, both in French and English, was placed on the desks of honourable senators—as I was saying, their reply can best be summarized as follows: All stated that this legislation is *ultra vires*, because it infringes provincial jurisdiction, mainly in the area of property and civil rights, some of them going so far as saying that, should it be adopted, they would go to court to

fight it. However, they added that they approved the idea of the establishment of a Central Registry Office in Canada, and that they were willing to cooperate with the competent federal authorities to find a satisfactory solution to the problem.

Considering the overall situation, and in view of the many amendments suggested by several witnesses, the committee came to the realization that passage of such a bill as S-5 would create much uncertainty and confusion. As a result, it was unanimously decided that study of the bill would be discontinued and that a report would be submitted to the Senate requesting the government to reconsider study of the bill after consultation with the provinces.

Members of the committee expressed hope that both levels of government would find some grounds of agreement so that the bill, which is of great interest to several financial institutions, as well as the Canadian transportation industry and the Canadian Bar Association, may come back to us soon in a form more acceptable to all parties concerned.

Honourable senators, with the unanimous support of the members of the committee, I recommend adoption of this report.

• (1410)

[English]

Honourable senators, before resuming my seat, I would ask that the correspondence exchanged between the Chairman and Deputy Chairman of the Standing Senate Committee on Transport and Communications and the provincial attorneys general, and certain federal departments, including letters and telegrams, be printed as an appendix to the *Debates of the Senate* of today's date.

I was told earlier this afternoon that perhaps it would not be possible to get permission to have this correspondence printed as an appendix because we have not as yet had an opportunity to seek the permission of the provincial attorneys general to do so. However, because of the fact that this correspondence has been in part, if not wholly, read into the proceedings of the committee and forms part of the evidence of the committee, I do not see any objection to it being printed as an appendix to our proceedings. Someone may have a different view on that.

The Hon. the Speaker: Honourable senators, is it agreed that this correspondence be printed as an appendix to the *Debates of the Senate* of today's date?

Hon. Senators: Agreed.

(For text of correspondence, see p.990)

[Translation]

Hon. Jacques Flynn: Honourable senators, we have accepted that the report be submitted today in order that senators might look into it immediately and, above all, to allow the committee vice-chairman to explain the major points which have led to the report's conclusions. I think it would not be fair for senators, and particularly for those who are not members of the committee, that the report be agreed to today. I agree that the committee's conclusions reflect its members' unanimous views. I will myself have some remarks to make on the matter to allow senators, and particularly again those who are not members of the

committee, to look into the report, and to look also into the correspondence with the provincial attorneys general and other people, to be better informed about the crux of the matter. I would therefore move the adjournment of the debate.

[English]

On motion of Senator Flynn, debate adjourned.

PETROLEUM ADMINISTRATION BILL

REPORT OF COMMITTEE—DEBATE ADJOURNED

Senator Macnaughton, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report of the committee:

Wednesday, May 28, 1975.

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-32, intituled: "An Act to impose a charge on the export of crude oil and certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade", has, in obedience to the order of reference of Tuesday, May 20, 1975, examined the said bill and now reports the same with the following amendments:

1. Page 2: Strike out lines 23 and 24 and substitute therefore the following:

"for delivery outside Canada or for use as bunker or aircraft fuel outside"

2. Page 15: Strike out line 9 in the French version and substitute therefor the following:

"jours de sa signature ou, si le Parlement ne"

3. Page 20: Strike out line 27 in the French version and substitute therefor the following:

"gaz, le fait de l'utiliser comme"

4. Page 22: Strike out line 41 in the French version and substitute therefor the following:

"doivent être vendues ou livrées dans les régions ou les"

5. Page 23: Strike out line 6 in French version and substitute therefor the following:

"jours de sa signature ou, si le Parlement ne siège"

6. Page 24: Strike out lines 1 to 4, inclusive, and substitute therefor the following:

"(b) purchase or otherwise acquire from within a producer-province or sell within a producer-province any gas for consumption outside that province unless the price paid therefor is a price approved by special or general orders of the Board; or"

7. Page 28: Insert immediately after line 17 the following:

"(4) In determining a purchaser's cost of service for the purposes of subsection (1) or a purchaser's cost in respect of the acquisition and transportation of gas for the purposes of subsection (2), the Board shall be governed by the principles applied by it in determining those costs for the purposes of making orders with respect to traffic, tolls or

tariffs under Part IV of the National Energy Board Act."

8. Page 42: Strike out line 29 and substitute therefor the following:

"95. (1) Part I of this Act shall be deemed"

9. Page 42: Add immediately after line 31 the following:

"(2) Sections 53 to 65 do not come into force until such time as the Governor in Council acquires power under subsection 51(1) or 52(1) to prescribe prices at which various kinds of gas to which Part III applies that are produced, extracted, recovered or manufactured in a producer-province within the meaning of that Part are to be sold on or for delivery in any areas or zones in Canada and outside that province or at any points on the international boundary of Canada."

Respectfully submitted,

Alan A. Macnaughton
Acting Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Macnaughton: With leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be now adopted.

The Hon. the Speaker: Is there unanimous consent?

Hon. Senators: Agreed.

Senator Macnaughton: Honourable senators, I have prepared a few notes of explanation which I hope will explain the bill, to a certain degree at least.

Bill C-32, the Petroleum Administration Bill, was referred to the Standing Senate Committee on Banking, Trade and Commerce on May 20 and was considered by that committee on May 21 and May 28. Nine amendments were proposed. Of the seven amendments proposed by the government, six were purely technical, intended largely to correct inconsistencies between the English text and the French text.

One government amendment, which introduced a new clause, clause 95(2), was intended to remove a possible administrative difficulty. The substance of Part III of the bill depends on the prescription of prices by the Governor in Council pursuant to either clause 51(1) or clause 52(1). Dependent on these two subsections is a series of clauses, clauses 53 to 65 inclusive, which are administrative in nature. Without the new clause 95(2), it was thought the situation could have arisen in which the administrative clauses, clauses 53 to 65, might on enactment of the bill precede the implementation of clause 51(1) and clause 52(1) rather than follow such implementation. The intent of the amendment is to ensure that the administrative clauses do indeed follow the substantive clauses upon which they depend.

Officials of TransCanada PipeLines Limited sought, and were granted, permission to propose amendments to clauses 53 to 64. The texts of the amendments as formally laid before the committee had been agreed to between officials of the government and TransCanada PipeLines Limited.

[Senator Macnaughton.]

● (1420)

The concern of TransCanada PipeLines derived from a possible conflict they saw between certain commercial obligations on the one hand and compliance with the bill on the other hand. Clause 53(1)(a) and clause 53(1)(b) prohibit the movement and acquisition of gas from within a producer-province for consumption outside that province unless the price paid for the gas is approved by the National Energy Board. There was no corresponding prohibition on the sale of gas in similar circumstances. The company saw a risk that they might be contractually bound to buy gas at a price not approved by the board and yet be legally prohibited from moving it out of the province. They therefore proposed the introduction of a prohibition on the sale of gas, except at a price approved by the National Energy Board. Such a provision would remove any possible conflict between their obligations under contract and under the bill. It must, of course, be remembered that Part III deals only with gas in interprovincial and international trade and not with transactions wholly in the province of production.

The amendment proposed by TransCanada PipeLines to clause 64 was to remove an uncertainty as to the determination of "cost of service" pursuant to clause 64(1). The amendment provides that in determining cost of service, the National Energy Board will apply the same principles as it would use under Part IV of the National Energy Board Act. The effect of this is to ensure that the company does not find itself operating under mutually inconsistent rules. All of the amendments to which I have referred were approved by the committee.

The bill is a complicated proposal to deal with a complicated situation in a complicated industry. With this rather technical explanation, I would hope honourable senators would adopt the report.

Senator Flynn: Honourable senators, I would hope that Senator Macnaughton would not expect us to adopt the report immediately. We gave Senator Macnaughton consent to move the adoption of the report today to enable him to explain the amendments made by the committee. As in the previous case, it would be unfair to have the Senate approve these amendments without having had a chance to read them after listening to the senator's explanation. Therefore, with the idea of making a few comments on the report, I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

CRIMINAL CODE (COMMUTATION OF DEATH SENTENCE)

BILL TO AMEND—SECOND READING—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion, in amendment, of Senator Neiman to the motion of Senator Robichaud, for the second reading of Bill S-21, to amend the Criminal Code (commutation of death sentence).

Senator Flynn: Honourable senators, the amendment moved by Senator Neiman is that Bill S-21—which was called the "Robichaud Bill" by Senator Croll yesterday—

be not now read a second time but that the subject matter thereof be referred to the Standing Senate Committee on Legal and Constitutional Affairs. In substance, Senator Croll said yesterday—and although I do not necessarily agree with the rest of what he said I agree with this—that that would be a useless exercise by the committee, if we were to approve Senator Argue's bill providing for total abolition of capital punishment. For that reason I think the motion should stand until a decision is taken by the Senate on the bill favouring total abolition. That would, of course, require the implicit consent of the Leader of the Government to have the Senate take a vote on that bill. I hope the leader, or the deputy leader, will soon be able to tell us whether the government is willing to let the Senate proceed to a vote on the bill favouring total abolition of capital punishment. In order to give the government a chance to do so, I move the adjournment of the debate at this time.

Senator Langlois: I can only say that, as usual, the Leader of the Government is in the hands of the Senate.

Senator Flynn: You may say that he is in the hands of the Senate, but I have seen some hidden hands operating.

Senator Langlois: You are having visions.

On motion of Senator Flynn, debate adjourned.

FOOD AND DRUGS ACT, NARCOTIC CONTROL ACT, CRIMINAL CODE

BILL TO AMEND—REPORT OF COMMITTEE—DEBATE
ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-19, to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code, which was presented yesterday.

Senator Goldenberg: Honourable senators, having nothing to add to the remarks I made last night, I now move the adoption of the report.

The Hon. the Speaker: It is moved by Senator Goldenberg, seconded by Senator Cottreau, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

[Translation]

Hon. Martial Asselin: Honourable senators, since this report is extremely important, I would like to discuss it more extensively, but as I am not ready to do so today, I suggest that the debate be adjourned to Tuesday next, June 3.

[English]

On motion of Senator Asselin, debate adjourned.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE
ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on the Estimates laid before Parliament for the fiscal year

ending the 31st March, 1976, which was presented yesterday.

Hon. Herbert O. Sparrow moved the adoption of the report.

He said: Honourable senators, as authorized by the Senate, the Standing Senate Committee on National Finance examined the expenditures proposed by the estimates laid before Parliament for the fiscal year ending March 31, 1976.

Your committee made a general examination of the estimates and heard evidence from the Honourable Jean Chrétien, President of the Treasury Board, and Mr. B. A. MacDonald, Deputy Secretary, Program Branch of the Treasury Board.

● (1430)

The main estimates for 1975-76 amount to \$29,585 million. Of this amount \$13,907 million are statutory in nature, \$14,335 million represent funds for which Parliament is asked to provide new authority and \$1,343 million are non-budgetary items, being loans, investments and advances.

In the fiscal year 1974-75, the main estimates amounted to \$23,297 million. By four supplementary estimates they were increased to \$28,233 million, of which \$12,934 million were statutory in nature, \$13,595 million represented funds for which Parliament is asked to provide new authority and \$1,704 million being non-budgetary items.

The difference between the main budgetary estimates of 1975-76 of \$28,242 million and the main budgetary estimates of 1974-75 of \$22,023 million, is \$6,219 million, an increase of 28.2 per cent.

The percentage increase in budgetary expenditures from March 31, 1973, to March 31, 1974, was 23.7 per cent. Between March 31, 1974, and March 31, 1975, it has 29 per cent.

It should be noted that the GNP increased only 15.6 per cent between March 31, 1973, and March 31, 1974, the latest complete fiscal year for which figures are available. This means that federal government expenditures were 8.1 per cent higher than the increase in GNP in the fiscal year ending March 31, 1974, and when final figures are out on the GNP for the fiscal year ending March 31, 1975, the percentage increase over growth in the GNP will probably be 14 per cent higher.

During the last 10 years budgetary estimates have increased from a total of \$7,979 million in 1965-66 to \$28,241 million in 1975-76. It is a 10-year increase of 253 per cent. This compares with a cost of living or inflationary increase of only 61.2 per cent in the same period.

Mr. Chrétien, in his appearance before your committee, stated that he is hopeful that the actions Treasury Board is taking in asking departments to reallocate existing resources within the department, wherever possible, to look after unforeseen requirements, will reduce the need to ask Treasury Board for additional funds, therefore reducing the total amounts asked for in supplementary estimates.

He stated he is hopeful that by so doing the total increase in expenditures for the fiscal year will not exceed an increase of over 16 per cent, which compares to the

previous figures I mentioned of an increase of about 25 per cent per year in spending.

I must add that Mr. Chrétien said he was using these figures on the information he has available at this time and that these figures could change when a new budget is brought out next month.

I do hope the minister's optimism in showing a reduction in increases to 16 per cent from the last two years, which have averaged a 25 per cent increase, will prove to be well founded.

It is very disturbing to see a continual increase in the percentage of federal government spending in relation to the GNP, and it is particularly disturbing when we realize that the percentage being spent by provincial and municipal governments is also increasing at an alarming rate. From 1949 to 1973, the percentage of GNP spent by all three levels of government has increased from 22.8 per cent to 37.6 per cent, and when fiscal figures are out for 1974 and 1975, I believe this percentage will again be found to have moved upward.

It is incumbent upon all of us to ask for spending restraints in these times of high inflation, high unemployment and the potential loss of foreign markets.

On motion of Senator Flynn, debate adjourned.

INTER-PARLIAMENTARY UNION

SPRING MEETINGS AT COLOMBO, SRI LANKA

Hon. Frederick William Rowe rose pursuant to notice:

That he will call the attention of the Senate to the Spring Meetings of the Inter-Parliamentary Union held at Colombo, Sri Lanka, 31st March to 5th April, 1975, and in particular to the discussions and proceedings of the Meetings and the participation therein of the delegation from Canada; and to the visit of the Canadian Parliamentary Delegation to Pakistan. 7th to 11th April, 1975.

He said: Honourable senators, to allay any possible apprehensions let me say at the outset that I have no intention of treating this house to a travelogue. As I think honourable senators will recall, I was invited to be the representative of the Senate on the Canadian parliamentary delegation to the spring meetings of the Inter-Parliamentary Union held in Colombo, Sri Lanka, which we older people remember better as Ceylon—a name which, incidentally, I found in conversation with the Prime Minister and others is still in use and perfectly acceptable in Sri Lanka. They have no objection at all to the use of the name Ceylon.

I might mention in passing that the same delegation was invited by the Parliament, and, I suspect, inferentially by the Government of Pakistan, to visit that country between April 7 and April 11, and we did so. As your representative on the delegation during the visits to those two countries, it is my duty to give a brief report to the Senate, and this report will consist primarily of impressions which I gained, not only from the conferences, but also from previous international conferences connected with UNESCO and the Inter-Parliamentary Union. I also took the opportunity to pay visits to other countries while flying between Pakistan and Canada—some ten altogether.

[Senator Sparrow.]

The main items discussed at the Colombo Conference this spring revolved around:

(1) Disarmament, particularly the use of nuclear and chemical weapons and the relationship of military planning to the possibility, the very real possibility, perhaps even the reality already, of environmental and climatic changes,

(2) Human rights in general with special reference to voter participation in the parliamentary process, and the role of Parliament in defending the rights of women, and the role of the Inter-Parliamentary Union in attempting to prevent cruel, inhuman and degrading treatment, which is something which we normally gather together in the one word, torture.

This is, rather ominously, I think, something which has become increasingly prevalent in recent years, and is not isolated merely to those countries of the world which we regard as being dictatorial or operating under a dictatorship or oligarchy.

● (1440)

The third item on the program was economic cooperation, and the fourth was modern scientific techniques for the promotion of education.

It is well known, of course, by all in this chamber that the Inter-Parliamentary Union does not possess international executive powers and cannot impinge on the rights and prerogatives of the sovereign parliaments which make up the Union. Honourable senators are also aware that the criticism has often been made that the Union is nothing more than a debating organization. In the light of the Union's history, I do not consider this criticism to be valid. The fact is that the Union is made up of some 75 parliaments of the world. Consistently those parliaments send significant delegations, often composed of well-known distinguished parliamentarians and statesmen, to participate in the various conferences. For example, I personally have met at these conferences among the American delegates—perhaps I should mention that the United States invariably sends large delegations, made up of some of their most distinguished parliamentarians—men of the calibre of Senator Taft. My friend Senator Macnaughton will recall that at Rome we had Senator Taft and Senator McIntyre; men of the calibre of former Senator Claude Pepper, now Representative Claude Pepper; men of the calibre of Representative McClory of Illinois, probably one of the most influential men in the House of Representatives in the United States, among others. I mention this to indicate that those parliaments which make up the Union do take the Union seriously.

It is true that the Union does not have executive powers, but the delegations do carry back to their respective parliaments and, I suppose, indirectly to their respective governments, the opinions and impressions they gain from mixing with other parliamentarians. Moreover, the resolutions adopted at the meetings of the Inter-Parliamentary Union invariably have a moral impact on the thinking and planning of those countries whose parliaments are members of the Union. For example, Senator Macnaughton, Senator Eudes and two or three other senators who were at Rome two years ago will recall that one of the most important topics discussed there was the use and problem of drugs and, in particular, the approach of the various

countries to the problem of marihuana. I do not believe it was any coincidence that in the two and a half years now elapsed since that conference a number of countries, and states within countries, have modified and—and I use this word deliberately—humanized their laws respecting the use of marihuana. In my opinion a great deal of that modification to a more humane approach to this problem resulted from the discussions of the Inter-Parliamentary Union on the matter of drugs at Rome two and a half years ago.

The visit of the Canadian delegation to Sri Lanka was of particular interest, since that country has been intimately associated with Canada's foreign aid program. In fact, honourable senators will recall that the historic Colombo Plan actually initiated Canada's entry on a significant scale into the field of foreign aid. It is, of course, well known that extensive aid has been given by Canada to both Sri Lanka and Pakistan. Indeed, I believe it was the desire of the Government of Pakistan that we, as representatives of Canada, should see at first hand the results of our aid. I believe it was rather significant. They were not ashamed of it; they had nothing to hide and wanted us to go there and see at first hand, with our own eyes, what Canadian aid has helped to do in Pakistan in recent years.

I believe that was the reason for their extending a special invitation to the Canadian delegation—not to any other delegation, but to the Canadian delegation—which was attending the conference in Ceylon, to go on to Pakistan and spend a week there as the guests of the government in order to visit every part of that nation, from the Khyber Pass to Lahore, Islamabad, Karachi and many other places in between.

I do not intend to give details with respect to that, as I believe honourable senators are pretty well familiar with the details of our aid in that region but I shall make a few general comments with respect to it as I go along. First, I would like to say that one would naturally expect that Canada would be held in high esteem in a country such as Sri Lanka, for example, to which Canada has given generous assistance. However, I do not believe that the respect in which Canada is held and the popularity of Canadians generally—this is not a little bit of fatuous opinionatedness, but the fact is that Canadians generally are rather popular all over the world. That is seen over and over again when we wear the little badges with the flag of Canada while travelling through some strange part of Asia, Africa or Europe. When someone spies that little emblem, there is almost invariably a spontaneous outburst of friendliness. Other honourable senators have experienced that repeatedly, as I have. I wish to say that I do not believe that that respect and popularity can be entirely construed as a show of gratitude. Some of it is gratitude, naturally, but the fact is that Canada is held in high regard in countries which have never been the recipients of Canadian aid.

I do not believe that this respect and popularity represents a temporary or recent phenomenon. Indeed, in my opinion, we can say that since World War II and, in particular, when the late Mr. Lester Pearson was in the diplomatic field, Canada's position in world opinion improved steadily, and has remained on a high plateau for many years. I do not believe that this regard or respect at

the present time is to be attributed largely to the respect in which the present Prime Minister of Canada is held internationally. One does not have to be politically motivated to recognize and concede that Mr. Trudeau is regarded as a world statesman outside Canada and that his approach to international—

Senator Flynn: Outside Canada—okay.

Senator Rowe: It goes without saying that he is regarded as such within Canada. I am sure Senator Flynn would agree with that.

His approach to international matters as manifested, for example, in recent weeks in his statements at the Mansion House in London and, more recently, in Jamaica, indicate that when he does speak he commands world attention and respect.

However, I believe and repeat that the respect in which Canada is held transcends the personal popularity of such men as the late Mr. Pearson and Mr. Trudeau. The reasons for this popularity are, I believe, the reflection of the basic decency and humanity of the Canadian people generally.

I have been privileged to have been a member of five—which is not very many compared with the experience of some of my colleagues in this chamber, but they were invaluable experiences for me personally—five delegations to international conferences, two of them UNESCO, at which I believe every country in the world except one was represented. The reaction of other delegations to Canadian opinion and proposals, in my view, has invariably been characterized by a recognition that Canada has been motivated not by selfish and narrow nationalistic considerations, but by an acceptance on the part of Canadians that Canada is part of the world community of nations and, as such, has a responsibility for, and an obligation toward, the needs of the component parts of that world community, as well as a responsibility to the world community as a whole.

● (1450)

I should also like to say at this time—and in saying this, I would exempt myself—that in my experience Canada has been well represented by its delegations to those conferences which I have attended, and I believe it is true of delegations to other international conferences which have characterized the three decades since World War II.

It is a truism to say that Canada is one of the privileged nations of the world. We have our problems, some of which are pretty serious at this moment, but we are still considered to be a privileged nation. We are sometimes guilty of the fallacy of thinking that the United States and Canada have the highest standard of living in the world. We do not. The highest standard of living is not to be measured by per capita income alone. When we couple a few Texas billionaires with the thousands of poverty stricken people who live in Harlem and say the average income is such and such, that is not a true measure for the standard of living in the country as a whole. I believe the highest standard of living in the world is to be found in some of the smaller countries of Europe, notably Sweden, Norway and Denmark, and possibly Switzerland and Holland. Nevertheless, compared with most of the world, Canadians enjoy standards of undreamed of luxury compared with those who live in other countries.

We have, under our jurisdiction, a disproportionate share of the earth's resources. We cannot remind ourselves of that too often. Allowing for temporary economic, social and cultural dislocation, our future is far brighter than that of many other countries in the Asian, African and South American continents. It is precisely because we do enjoy such relative affluence, and control so much of the earth's resources, that we have an obligation to share our good fortune with those who are less well off. Common justice and common humanity demand this approach. I suggest also that commonsense demands it. We Canadians would be impossibly naive if we assumed that our approximately 20 million people were going to be permitted indefinitely to enjoy an increasingly higher standard of living, and to control so much of the world's wealth, while the disparity between the few million people in Canada and the billions who live outside this country continues to widen.

Canada is not the only country that provides aid to the third world, but I am happy to report that one aspect of our aid was singled out for favourable comment during our discussions in Sri Lanka and Pakistan. Unlike some other countries, Canada does not attach political conditions when providing aid. It has been all too obvious in recent years that in some instances aid from affluent, wealthy countries to less fortunate countries has been withheld for the explicit purpose of undermining a left wing but, in some cases, democratically and constitutionally elected government, and of replacing it with a right wing totalitarian regime which, as soon as it is in power, has enjoyed the greatest possible support, financially, militarily, and in other ways. I do not need to go into detail. The lessons of the past few years are all too familiar. The inexplicable thing about this policy is that it has been followed by some countries dedicated constitutionally to the democratic way of life. It is one of the great puzzles of our time that countries dedicated constitutionally to the democratic way of life have behaved in such a way in their treatment of other countries.

I am proud to report that Canada's attitude in this regard has, in general, been above reproach. No country is morally justified in using human suffering and need as an excuse for interfering with the internal administration of another country, no matter how repugnant the form of government might be.

Senator Flynn: Even if it is a right wing totalitarian state? You seem to contradict yourself.

Senator Rowe: Children in countries under dictatorial and extreme right wing control, or in countries having a fascist regime, and those living in socialist and communist countries, suffer the same when they are equally hungry.

Senator Flynn: I was wondering what difference you make between a right wing totalitarian state and a left wing totalitarian state.

Senator Rowe: I make no difference when it comes to providing human aid. I was contrasting Canada's attitude. Canada makes no difference. She does not say that because a country has a right wing government, or because it has an extreme left wing government, she is not going to give it aid.

[Senator Rowe.]

I do not share the philosophy and views expressed in respect of Vietnam by a well-known American general who, three or four years ago, said that somehow or other they had a different approach toward death from that held by us. I am of the simple opinion that if we drop napalm on the body of a five-year old Vietnamese, that child would suffer just as much as if he or she had been a Canadian.

Senator Flynn: Yes, that is so.

Senator Rowe: Having said that, I cannot help feeling that Canada should express—both to countries receiving aid and to the third world community in general—its concern and apprehension over the frightening increase in world population in general and, in particular, in some third world countries which clearly have little prospect of ever being able to feed and care for their present population.

● (1500)

I am glad to put on the record—and I think I am expressing the opinion of the Canadian delegations with regard to both Ceylon and Pakistan—that Canadian aid to those countries has worked miracles. There is no doubt about that. The feeling of the Canadian delegations was that Canada's assistance has been utilized to maximum benefit. Some of us, however, could not help but feel frustrated at the effect of the increases in population on the Canadian aid programs. For example, we visited the great Bata Shoe factory near Lahore, which was established with Canadian aid, where we saw between 5,000 and 6,000 men working steadily for reasonably good wages. However, we could not help but feel frustrated when we remembered that 5,000 or 6,000 represents only the population increase in Pakistan over the course of a few weeks, or a few months.

Incidentally, some of our hosts expressed the same sense of frustration. Much of the economic and social value of our assistance has been nullified by the increase in population over the period involved. The situation is similar to that of the character in Alice in Wonderland who was racing so fast but did not seem to be moving. Someone asked him why he was racing so fast, and he said, "I have to race this fast to try to remain in the same place." Unfortunately, the aid provided by Canada and other countries to the third world countries has not even kept pace with the population growth in those countries. I will have more to say about that in a few moments.

This situation is apparently getting worse, aggravated, in part, by natural disasters, some of which ominously appear to be resulting from climatic changes on a world-wide scale—changes that are already affecting the productivity of some of the most fertile and heavily populated areas of the earth.

I was able to obtain the figures in relation to population growth on the earth from United Nations records. I knew the situation was bad, but I had no idea that it was as bad as it is. I invite honourable senators to listen to the figures. The population of this earth has doubled in the last 30 years. It is increasing at the rate of 200,000 a day. Tonight there will be 200,000 more people on this earth than there were last night. By the end of this year, there will be between 70 million and 80 million more people on this earth than there were at the end of last year, all of

whom have to be fed and cared for. The earth's population is increasing at the rate of 70 million to 80 million a year.

No matter what technical, scientific or humanitarian measures that we bring to bear to feed and clothe, or to try to feed and clothe and care for these people, the indisputable, frightening fact is that we have already passed the point where we can meet the needs of the world's population.

The figures from the United Nations show that at this very moment, while I am speaking to you, there are 500 million people suffering from starvation, disease, malnutrition, and the very worst form of poverty—not the poverty that we think of here in Canada at all, but the poverty of starving children, the poverty of people dying in the streets, and people stepping over them and walking on. These are impartial figures. I do not think anyone can say that they are biased or in any way inaccurate because of political or other considerations.

I come now to what I regard as the crux, the apex, of my remarks. How can we in Canada and in other developed countries justify passively accepting, or even encouraging, the present birth rate around the world when we know that millions upon millions of the children involved are inevitably doomed to an early and agonizing death, either from starvation or from disease brought on by malnutrition and by indescribable poverty? Quite obviously, one of the great needs of the world at this moment is more birth control.

Let me say at this point—and I realize the import of what I am about to say—that I do not regard abortion, which in the minds of some may be considered therapeutically necessary and justifiable, as an acceptable form of birth control. Having said that, let me say that the irony of this whole situation is that if birth control education and family planning facilities were more widely available, the demand for abortion, with all of its consequent abuses, would be reduced almost to the point of disappearance.

There are some who will object to birth control on religious or other grounds, and will object to almost any kind of what most of us consider legitimate forms of family planning and birth control. I do not dispute the rights of those people to object to all forms of birth control, but those people—and this is a fact which is not generally appreciated, or perhaps not even known generally—represent a very small minority of the earth's total population.

I posed the question of birth control to the government leaders in both Pakistan and Sri Lanka. I will not name the individuals concerned for obvious reasons, but I was assured by them that the major religions represented in those countries had no objection on religious or theological grounds to the institution of birth control measures. We were assured that the partial failure of the birth control programs in those countries was the result of economic and cultural factors—the fact that in the past, in order to have one or two children to help with the land, they needed to have a minimum of 10 children born. I invite honourable senators to appreciate the significance of that.

I repeat, we were assured that the failure of family planning measures in those two countries was not the

result of objection on religious grounds, and I repeat also that the vast majority of the world's population have no objection on religious grounds to birth control. Those who do object to all effective forms of birth control are, of course, placing themselves on the horns of a moral dilemma, knowing, as they must, that with an unrestricted birth rate, which is what we have in the world today, a goodly portion of the resultant children will never know anything in life except suffering, disease, starvation, and an agonizing death.

● (1510)

I am not talking about the possibilities of the future; I am talking about what is happening right at this moment. Without being unduly emotional about it, I think we need to remind ourselves that at this very moment millions of people, many of them children, are dying of starvation, not only in Bangladesh, not only in some remote country in Africa, but in dozens of countries on at least three continents. We must face up to the inexorable fact that there is an arithmetical limit to the number of people the earth can sustain, even at present standards, and that, as the population increases, inevitably the proportion of those who must starve to death will increase. That is a fact. We must face up to it. It is a matter of arithmetic.

I said earlier that I do not regard abortion as an acceptable form of family planning and birth control. In the same breath I want to say that I do not regard mass starvation or universal malnutrition, with all its implications, as an acceptable way of limiting the world's population. For my part, given a choice between watching millions of innocent people die agonizing and horrible deaths and instituting birth control and family planning measures, I would have no hesitation.

I said earlier that Canada has not attached political conditions to its aid, and that is something of which we should be proud. But much of our aid is going to countries that have some of the highest birth rates in the world. I throw out a suggestion at this point. Perhaps we should give consideration to attaching one condition, namely, that for countries where starvation and nutritional diseases are rampant a prerequisite of Canadian aid should be the institution in those countries of a determined and unrelenting program of family planning. When governments and other agencies in such countries institute such programs—and I say this with full realization of what happened in the United States a few years ago—or try to institute measures for controlling population, measures for family planning, Canada should be foremost in supplying the scientific, educational, medical, financial and moral support to help make those programs successful. In my view, in the long run, and perhaps in the short run, any other way is madness.

Senator Deschatelets: May I ask the honourable senator a question? Was the Canadian delegation invited to visit the Tarbela Dam, which was constructed in about 1957, with a contribution from Canada of more than \$35 million? Also, can he say what was the effect of its construction on agriculture in the area?

Senator Rowe: In a way, I am glad the honourable senator asked that question. The fact is, I did have it in my supplementary notes, but in the interests of time I omitted to refer to it. In Pakistan we did visit the dam. We walked

over it. It is a rather terrifying spectacle. It is 1,000 feet high, and with only one false step you can roll down that 1,000 feet. We saw that great dam, the Tarbela Dam, at the head of the Indus River. It is the greatest dam of its kind ever constructed in the history of man. That dam, and the auxiliary development, makes possible, among other things, the generation of tremendous amounts of energy, and also, perhaps more important, the irrigation and subsequent cultivation of land that otherwise would remain semi-desert, but which now provides for the subsequent feeding of tens of thousands of people.

Had time permitted I would have liked to give more details about the various aspects of Canadian aid, about projects into which Canadian aid has been funnelled. Senator Deschatelets mentioned the figure of \$35 million for the dam. I heard the figure of \$40 million of Canadian money mentioned as going into that project. Incidentally, our aid may have been the catalyst. I think the cost of the dam is already over \$1 billion. It is one of the great developments of its kind, comparable perhaps only to the Churchill Falls development in Labrador.

Hon. Sidney L. Buckwold: Honourable senators, at the risk of keeping you for a few moments longer, I should like to make one or two comments on Senator Rowe's very moving address on aid to developing countries. I do not think the honourable senator has given the whole picture. I believe that Canadians would be inclined to be more generous—certainly they can afford to be—if they were completely satisfied that the aid was reaching the people it was meant to help. There have been many reports of misdirection of assistance, both government and private, intended for needy people, with the misappropriation that often goes on in these countries, where some of the bureaucrats seem to distribute food in certain directions that are of more interest to them. I think Canadians generally are concerned about that, although, as the honourable senator rightly said, our funds are still used there productively in most cases.

Senator Rowe: In those two countries.

Senator Buckwold: I think Pakistan has been a matter of great concern to us. I have been to Sri Lanka. There I believe we do get value for our money. Speaking not from personal experience but only from reports, I am not so sure that is always the case in Pakistan. If we want the best Canadian efforts made to help these people, who need this assistance so desperately, then certainly Canadians have to be assured that the funds are reaching the people they are meant to help.

My second observation concerns Senator Rowe's comment on birth control. He indicated that perhaps a condition of Canadian grants should be that, unless a heavily overpopulated country institutes an effective program of birth control, our aid will not be extended to it. At a conference of the Commonwealth Parliamentary Association that I attended in Sri Lanka last year, this proposition was put forward by one of the Canadian delegates, a member of the House of Commons. To say that it was not well received is probably an understatement. Many of these people take a different attitude towards population than the one expressed by Senator Rowe. They indicated that their best natural resource is their own people, and that it is criminal to tell them to cut back on the very

thing that would give them the strength to develop their own country. Granted, this creates problems, but they turn these problems back on the developed countries, asking for help to feed these people, so that they can then have the population to develop their own resources. This is the way they see it. It is a completely different picture from the one that Senator Rowe gave us in his speech today.

At that conference we spent some time in seminars and general sessions discussing population control. The only really successful program has been in Singapore, where they actually have moved towards real population control. I think the rest are just going through the motions. Although some of them are expressing a great interest, they are really not effectively controlling the tremendous growth in their populations, nor in my opinion do they really want to.

● (1520)

At the World Population Conference in Bucharest, which took place last year, the same opinions were expressed, namely, these countries feel that people are their resource and that it should not be the western world or the developed world that tells them to minimize that resource, and they place on us the responsibility to see that they are fed.

Honourable senators, I have one last comment—and I am not in any way deprecating the very fine speech of Senator Rowe. I wanted to add these particular comments because I think they are ancillary statements that have to be presented when considering Canadian aid to these countries. To me, more food is not necessarily the answer. It will meet the emergencies. It is obvious that we must develop the techniques in those countries that will help them to feed themselves by producing their own food. We must direct our aid not so much in actual food as in the money and know-how to enable them to develop their own resources, such as a productive grain and agricultural industry, with cattle raising and so on. We should provide the kind of training that will enable them to do this. To my mind, the real direction of Canadian aid has to be toward helping countries to help themselves. If we can do that, I think we can achieve some of the worthy objectives that Senator Rowe has passed on to us.

The Hon. the Speaker: Honourable senators, as no other senator wishes to participate, this inquiry is considered as having been debated.

SENATE AND HOUSE OF COMMONS ACT

REGULATIONS RESPECTING ATTENDANCE OF SENATORS— SPEAKER'S RULING

The Hon. the Speaker: Honourable senators, on Thursday last, May 22, 1975, as reported at page 961 of the *Debates of the Senate*, Senator Greene spoke as follows:

I rise pursuant to rule 33 which provides that a motion calling upon the Senate to take action may be moved without notice, and in such a situation all other things may be set aside.

Yesterday's *Minutes of the Proceedings* failed to record a motion I made pointing out that the proposal

made by Senator Godfrey was out of order in that it affected the balance of national accounts.

And then the honourable senator referred to an alleged ruling, and concluded by saying:

Therefore, I respectfully move, on a question of privilege, that this motion and Your Honour's ruling thereon should have been included in the *Minutes of the Proceedings* for yesterday.

Because I had some doubts as to the acceptability of such a motion I indicated that I would look into the question raised and report later. I propose to do so at this time.

I have looked carefully at the record of the *Debates of the Senate* for May 21, 1975, and have concluded that on that day Senator Greene made a suggestion rather than a motion and that no ruling was in fact made by me, although I did make a few observations respecting Senator Greene's remarks. What I said was:

I think no point of order arises. I am advised it is a legal opinion, but we are not dealing with a bill. That is the problem. If I understand it correctly, Senator Greene's objection is based on rule 62 which says:

The Senate shall not proceed upon a bill appropriating public money that has not within the knowledge of the Senate been recommended by the Queen's representative.

What I was then trying to convey was that, in attempting to formulate a ruling on the point of order, some important questions of law and perhaps even the Canadian Constitution would inevitably have been involved, in particular the meaning and effect of two related acts of Parliament. Those acts are the Senate and House of Commons Act (R.S.C. 1970, c. S-8), in particular section 40 thereof, and the Statutory Instruments Act (S.C. 1970-71-72, c. 38), in particular the requirement that proposed regulations must go, before final adoption, to the Privy Council Office, where there is consultation with the Department of Justice on all aspects of the regulations.

Senator Godfrey, in moving his motion, indicated that he was endeavouring to comply with both of these acts of Parliament. Accordingly the motion dealt with proposed

regulations for submission to the Privy Council Office rather than with regulations to be adopted forthwith.

It is quite clear from the authorities that the Speaker will not make decisions on legal points. *Bourinot*, in his Fourth Edition, at page 180, states:

[The Speaker] will not give a decision upon a constitutional question, nor decide a question of law, though the same be raised upon a point of order or privilege.

Also there are a number of precedents in this house to the same effect. The most recent appears to have been the ruling of Mr. Speaker Deschatelets, reported in *Debates of the Senate* of June 20, 1972, at page 505.

Perhaps, without attempting to give a legal opinion, I might observe that section 40 of the Senate and House of Commons Act appears to confer a very limited regulation-making power on the Senate, and certainly not a power that could possibly result in any increased charges on the public treasury, or amount to an "appropriation" within the meaning of Senate rule 62.

Finally, the subject-matter of Senator Godfrey's motion has been referred to a committee, and the course of wisdom, on my part, would be to refrain from commenting further.

In the foregoing circumstances, it appears to me that there was no point of order or ruling of the character that would require an entry in the *Minutes of the Proceedings* of the Senate for May 21.

In conclusion, and in accordance with modern Senate practice, this statement will be printed in the *Minutes of the Proceedings* of the Senate of this day.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, before I move the adjournment of the Senate, I would like to remind you that the Standing Committee on National Finance is presently sitting in Room 256-S to continue its examination of the Manpower Division of the Department of Manpower and Immigration.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 981.)

AIRCRAFT REGISTRY BILL

CORRESPONDENCE EXCHANGED BETWEEN THE STANDING SENATE COMMITTEE
ON TRANSPORT AND COMMUNICATIONS AND THE ATTORNEYS GENERAL
OF THE PROVINCES AND CERTAIN FEDERAL DEPARTMENTS

November 12, 1974

The Honourable C. Mervin Leitch, Q.C.,
Attorney General of Alberta,
Madison Building,
9919-105 Street,
Edmonton, Alberta.
Dear Mr. Leitch:

RE: Bill S-5 "An Act to enable Canada to comply with a
Convention on the International Recognition of
Rights in Aircraft".

The Senate has referred the above bill to the Standing
Senate Committee on Transport and Communications. The
following documents relate to the legislation in question:

1. Bill S-5 "An Act to enable Canada to comply with
a Convention on the International Recognition of
Rights in Aircraft".
2. First proceedings on Bill S-5, dated October 31,
1974.
3. Copy of submission by the Federated Council of
Sales Finance Companies.
4. Supporting statement respecting the above brief.

From a perusal of the enclosed documents you will see
that members of the Standing Senate Committee on Trans-
port and Communications were concerned about several
aspects of the bill under consideration. This concern was
prompted by the facts that

- (a) the bill is being considered in the first instance by
the Senate, and that
- (b) according to the evidence, there has been as yet no
official consultation with the provincial governments
on the matter.

The Department of Justice has expressed the view that
the bill in its entirety is within the legislative competence
of the Parliament of Canada. Nevertheless, the field of
protection of proprietary and other interests in aircraft is
now evidently occupied in large measure by provincial
laws and it was feared that there might arise some confu-
sion and uncertainty in this area, at least in the absence of
a clear judicial determination as to the constitutionality of
the bill and in the absence of any reaction to the bill from
the provinces.

I have, accordingly, been requested by the committee to
solicit your views on the foregoing matters.

Hoping for an early response, I am

Yours sincerely,

J. Campbell Haig,
Chairman,
Standing Senate Committee on
Transport and Communications

Standing Senate Committee on
Transport and Communications.

The Honourable J. Campbell Haig, Q.C.
Chairman,
Standing Senate Committee on Transport
and Communications,
The Senate,
OTTAWA, Ontario.

December 17, 1974

RE: Bill S-5 "An Act to enable Canada to comply with a
Convention on the International Recognition of
Rights in Aircraft"

Dear Senator Haig:

In further response to your letter of November 12, 1974,
the various documents which were provided along with a
copy of the above bill clearly establish the need and desira-
bility for some type of central registry system for property
interests in aircraft. However, I do have some doubt as to
the constitutional validity of the bill.

Admittedly there has been no definitive judicial deter-
mination concerning the matter in question, but the bill
unquestionably deals with property rights in their most
basic sense in that it provides for their protection, as well
as defining the parameters and extent of such rights. As
the bill, particularly in light of Section 17, purports to
supersede all present provincial legislation which provides
for the protection of property rights insofar as they relate
to aircraft and may, apparently alter common law rules
relating to the rights of repairmen, it attempts to set up a
complete code of property interests relating to this subject
matter.

As such, my reaction, as a result of some research and
thought on the matter, is that such legislation is properly
within the legislative competence of the various provinces.
While certain provinces already have central registry sys-
tems for interests in chattels which are defined in the
various provincial personal property security statutes suf-
ficiently broadly to include aircraft in Manitoba, our Per-
sonal Properties Security Act (SM. 1973, c.5) has not yet
been proclaimed. Certainly, the implementation of such
legislation by all the provinces might provide an effective
means of protecting security interests in aircraft.

I thank you for soliciting my minister's views on this
matter.

Yours truly,

Gordon E. Pilkey,
Deputy Attorney-General,
Province of Manitoba.

January 14, 1975

Mr. J. Campbell Haig,
Chairman,
Standing Senate Committee on
Transport and Communications,
The Senate,
Ottawa, Ontario.

RE: Bill S-5 "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft"

Dear Mr. Haig:

I have had an opportunity to review the material enclosed with your letter of November 12, 1974, in relation to the above bill.

As you point out, aside from the constitutional problem (which in my view is a very real one) there would appear to be potential conflict with existing provincial laws. A number of provincial statutes of general application, as well as the rules of civil procedure in this Province deal with proprietary rights in chattels, and methods of protecting and enforcing those rights.

While the proposed legislation may be desirable, it seems to me that confusion and uncertainty will be the inevitable result unless some effort is made, in consultation with the provinces, to resolve these conflicts, many of which are referred to in the evidence of the Senate committee proceedings enclosed with your letter. Even if the provinces were to enact legislation excluding aircraft from those statutes of general application which relate to property rights in chattels, it seems to me that the constitutional problem still remains.

Neither I nor officials of my Department have had an opportunity to make a thorough examination of the constitutional question. However, it does seem to us that certain portions of the proposed Act relate to property and civil rights and civil procedures, and not to aerial transportation. Section 10 in particular, on the face of it, seems to fall within those classes of subjects reserved to the provincial legislatures by Section 92 (13) and (14) of the British North America Act. Even if, after more thorough research, the Provincial Attorneys General were to agree with the view apparently expressed by the Department of Justice on the constitutional problem, members of the private sector who are affected could challenge the legislation, so that uncertainty would continue until there has been a judicial pronouncement.

My department would be pleased to consult further on this problem with other provincial and federal officials.

Yours very truly,

Allan E. Sullivan,
Attorney General,
Province of Nova Scotia.

Quebec City, Quebec,
January 25, 1975.

Senator J. Campbell Haig,
Chairman of the Standing Senate Committee
on Transport and Communications,
The Senate,
Government of Canada,
Ottawa, Ontario.
Dear Sir:

The Office of the minister has forwarded to us your letter of last November 12, concerning Bill S-5 "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft".

It seems that the Department of Justice cannot reasonably take a final stand regarding Bill S-5 as long as the government has not brought down the amendments it apparently wants to introduce.

On the other hand, it is certain that the Government of Quebec wishes to retain full jurisdiction on the registration of all movables. Indeed, it is emphasized in the brief submitted by lending institutions that they will cautiously keep on recording such rights in each province in addition to doing so with the central registry.

Thus, it might be desirable that the federal act provide for a mechanism that would recognize the validity of registrations made in each province, of which the Federal Department of Transport would have received a copy.

Such exchange of documents should obviously be charged to the central registry. It goes without saying that the proposed mechanism requires prior consultation with the various registrars of the provinces.

Yours truly,

André Gélinas,
Research Director.

(Copy of telegram sent to Provincial Attorneys General)

February 21, 1975

Pursuant to previous letters re Bill S-5, your views urgently required by committee to complete consideration of above bill. Please forward reply March 1, 1975, latest.

Maurice Bourget,
Deputy Chairman,
Standing Senate Committee on
Transport and Communications.

(Telex)

February 24, 1975.

The Honourable Maurice Bourget,
Deputy Chairman,
Standing Senate Committee on
Transport and Communications,
The Senate,
Ottawa, Ontario.
Dear Sir:

The examination of the implications of Bill S-5 as they affect the Province of New Brunswick has required careful

consideration by this office. After serious deliberation on the matter it is felt that this province cannot agree to simply abandon its jurisdiction over aircraft which are chattels and fall within the legislative jurisdiction of this province.

The proper method of creating and implementing the scheme proposed by Bill S-5 would be by means of federal/provincial agreements supported by compatible federal legislation based thereon rather than the federal government's simply assuming a jurisdiction which it is submitted it does not have thereby further confusing the situation which Bill S-5 presumes to clarify. While it is accepted that the idea of Bill S-5 is basically sound and that federal legislation is necessary to implement the international convention, it is the means of implementation without clear guarantees of provincial rights in aircraft as chattels to which this province objects.

It is urged by the Province of New Brunswick that the method above suggested for the implementation of the scheme proposed by Bill S-5 be carried out. Otherwise, those having 'interest' in aircraft will be in no clearer position if Bill S-5 were to be passed with the ever present possibility of constitutional challenge from the provinces. Interest holders will simply have to register in one more registry office with no more certainty of protection thereunder than under the current practice.

It is hoped these suggestions will be considered by the committee in deliberations on Bill S-5 in furtherance of good federal-provincial relations and in light of this province's real concern for the constitutional issues involved.

Yours truly,

Paul S. Creaghan
Minister
Department of Justice
Fredericton, N.B.

(Telex)

February 27, 1975.

Mr. Maurice Bourget,
Deputy Chairman,
Standing Senate Committee on Transport
and Communications.
Ottawa, Ontario.

Further to your correspondence regarding Bill S-5, this will advise that Saskatchewan is not in agreement with the opinion of the federal Department of Justice that Bill S-5 falls entirely within the legislative competence of the Parliament of Canada. It is our view that the bill in many respects involves matters reserved by the British North America Act to the provinces as being in relation to property and civil rights in the province. In addition Saskatchewan is concerned that the establishment of a central registry system limited to aircraft could create more legal and administrative problems than it resolves. Accordingly it is our position that consultation with the provinces rather than legislation is indicated at this time.

Roy J. Romanow,
Attorney General,
Province of Saskatchewan.

(Telegram)

February 23, 1975

Maurice Bourget,
Deputy Chairman,
Standing Senate Committee on
Transport and Communications,
The Senate,
Ottawa, Canada.

Further to letter of November 12, 1974, of J. Campbell Haig to Merv Leitch, Attorney General, Alberta's view is that Bill S-5 is largely legislation affecting property and civil rights and within provincial jurisdiction. We concur in the views of the Province of Manitoba as set out in the letter of December 17, 1974, of G. Pilkey, Deputy Attorney General, Manitoba.

Acting Deputy Attorney General
For Alberta.

February 27, 1975

The Honourable J. Campbell Haig,
Chairman,
Standing Senate Committee on
Transport and Communications,
Ottawa, Ontario.
Dear Senator Haig:

On behalf of the Attorney-General for British Columbia I wish to enclose the text of the Telex sent to you on February 27, 1975, in which British Columbia's views on Bill S-5, as requested, were embodied.

Thank you once again for your consideration in waiting for the reply.

Yours very truly,

Norman J. Prelypchan,
Solicitor,
Attorney General's Department,
Province of British Columbia.

(Telex)

February 27, 1975

The Honourable J. Campbell Haig,
Chairman, Standing Senate Committee on
Transport and Communications,
Ottawa, Ontario.

*British Columbia's Reply to the Senate of Canada Standing
Committee on Transport and Communications—Request
For Comments on Bill S-5*

It is respectfully submitted that in its consideration of Bill S-5, the Senate Standing Committee on Transport and Communications consider the following views of the Province of British Columbia.

Constitutional Considerations

1. Legislation relating to the registration of financial interests in aircraft is clearly within provincial jurisdiction under the provisions of Section 91(13) of the B.N.A. Act (property and civil rights).

2. The proposed federal legislation is seen as going beyond the jurisdiction of the Parliament of Canada, as the dominant aspect and effect of the legislation relates to property and civil rights. The proposed legislation would

not merely touch on some aspects of exclusive provincial jurisdiction in an ancillary manner, but would rather effectively and primarily deal with property and civil rights, under the guise of aeronautics legislation.

3. That if the federal bill is enacted and the suggestions that applicable provincial legislation be repealed are accepted, existing property rights derived from valid provincial legislation would appear to be abdicated in favour of Ottawa.

Practical Considerations

1. British Columbia has established and presently maintains a central registry for the filing of security interests in chattels. The registry system embraces security interests in aircraft. The procedure can be found to exist in the Conditional Sales Act, the Bills of Sale Act, and the Companies Act.

2. The Mechanics' Lien Act of the province deals specifically with protecting the security of workmen and suppliers who have expended labour and materials on the repair of aircraft.

3. Some of the submissions advocate somewhat of a self-interested and convenience-oriented position.

4. The federal scheme would deprive the provincial resident of the convenience of the existing system of registration. Presumably he would need to retain an Ottawa agent to effect searches, etc. The establishment of a federal regional office in the province would only serve to replace the existing system with a similar one.

5. Existing provincial legislation makes mandatory the registration of security interests thereby establishing recognized priorities. The proposed federal legislation in favour of a less desirable system would provide only information to those interested with the ranking of priorities only effective between the parties who had registered.

6. The passage of the federal legislation would result in a duplicity of registries in respect of those provinces, such as British Columbia, which would not wish to remove the application of its registry system to aircraft.

7. The proposed federal legislation may disentitle owners of aircraft in the Province from the extensive benefits of the "seize or sue" legislation, presently existing.

Summary

Leaving aside the constitutional issues, the practical benefits to be derived from such legislation, that is, the claim of greater protection for the financial institutions, reduced cost of financing to the borrower, and the practically enforced compliance to a registration system in jurisdictions not presently enjoying one, may have merit. Those benefits, though attractive in the abstract, do not arise, solely from the concept of the suggested single registry in Ottawa.

Although British Columbia is opposed to recommending this proposed legislation it should not be taken as rejecting other alternatives which may be explored to derive similarly practical results. The establishment of central registries in all the provinces could be urged forthwith, through

the medium of the Uniformity Commissioners recommending the enactment of reciprocally compatible legislation by the provinces, without a compromise of constitutional jurisdictions and local interests.

Respectfully submitted,

The Attorney-General for the Province of British Columbia.

February 28, 1975.

Mr. Maurice Bourget,
Deputy Chairman,
Standing Senate Committee on
Transport and Communications,
The Senate,
Ottawa, Ontario.

RE: Bill S-5 "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft".

Dear Mr. Bourget:

Further to my letter dated January 31, 1975, to the Honourable J. Campbell Haig, this is to further advise you that this province feels that an authorization for seizure of an aircraft should be made to the Supreme Court of the province and not to the Federal Court of Canada. This province is concerned about the progressively expanding jurisdiction of the Federal Court of Canada.

Yours sincerely,

T. Alex Hickman,
Minister of Justice,
Government of Newfoundland.

January 31, 1975

The Honourable J. Campbell Haig, Chairman,
Standing Senate Committee on
Transport and Communications,
The Senate,
Ottawa, Ontario.

RE: Bill S-5 "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft".

Dear Senator Haig:

Thank you for your letter and enclosed documentation of November 12 relating to the above-noted bill. As the proceedings before your committee revealed there was no official consultation with our province on this matter.

It is the opinion of the Province of Newfoundland and Labrador that the proposed bill deals primarily with property rights and therefore the Parliament of Canada lacks jurisdiction in this matter. Our province is certainly not willing to ignore the constitutional implications of the bill because of the practical benefits that would be afforded to financial institutions.

If the bill is passed in its present form, uncertainty in this area will continue in the absence of a clear judicial decision and the Province of Newfoundland may therefore have to refer this matter to the courts for judicial determination.

Yours sincerely,

T. Alex Hickman, C.R.,
Minister of Justice,
Government of Newfoundland.

(Letter addressed to Attorneys General of all Provinces)

February 28, 1975.

Please find enclosed herewith copies of the replies received, to date, by the Chairman of the Standing Senate Committee on Transport and Communications, to his two previous letters to the Attorneys General of each of the provinces requesting their views regarding Bill S-5 "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft".

As Deputy Chairman of the Committee, I have been authorized by the committee to forward this correspondence to you for your information.

It is the wish of the committee to proceed with its study of above bill as soon as possible and, to this end, a committee meeting is being arranged for the early part of March.

Yours sincerely,

Maurice Bourget,
Deputy Chairman,
Standing Senate Committee on
Transport and Communications.

March 3, 1975.

The Honourable J. Campbell Haig, Q.C.
Chairman, Standing Senate Committee on
Transport and Communications,
The Senate,
Ottawa, Ontario.

RE: Bill S-5—An Act to enable Canada to comply with a Convention on International Recognition of Rights in Aircraft.

Dear Senator Haig:

The Premier and Attorney-General, the Honourable Alexander B. Campbell, has requested that I reply to your letter of November 12, 1974 concerning the above captioned matter.

I have examined the materials enclosed with your letter and researched the problem posed by Bill S-5. After discussing the matter with the Deputy Attorney General, it is our opinion that Bill S-5 is related to the property and civil rights, a field assigned by the B.N.A. Act to the provinces. As such the matter should be thoroughly discussed with the provinces before any legislation is passed.

I thank you for soliciting my minister's views on Bill S-5 and the Department of the Attorney General would be pleased to consult with federal and provincial officials on this matter.

Yours truly,

Arthur J. Currie,
Departmental Solicitor,
Department of Justice,
and Attorney General,
Province of Prince Edward Island.

(Telegram)

Maurice Bourget, Deputy Chairman,
Standing Senate Committee on
Transport and Communications,
Ottawa, Ontario.

Provincial government views will be expressed directly to the Government of Canada and therefore I anticipate making no personal submissions before your committee.

John T. Clement,
Attorney General of Ontario.

April 4, 1975

The Honourable Maurice Bourget,
Deputy Chairman,
Standing Senate Committee on
Transport and Communications,
The Senate,
Ottawa, Ontario.

Dear Senator Bourget:

The Attorney General, the Honourable John T. Clement, has requested that I reply to your letter of February 28th, enclosing correspondence and referring to Senator Haig's earlier letter with respect to Bill S-5 "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft".

I fully appreciate the desirability of the objective of Bill S-5 to establish in each country a single internationally recognized central registry for the recording of all interests in aircraft of the nationality of the country. It would give protection to Canadian interests and convenience and certainty to commercial transactions relating to aircraft. In accordance with this view, my comments are put forward in a cooperative spirit. However, an examination of the bill has lead me to the conclusion that, in its present form, it will not accomplish this objective and will be attended by unnecessary legal problems. Two main aspects of the bill concern me.

In my view, the bill in its present form is at least in part of doubtful constitutional validity. Its validity would appear to be intended to rest on Parliament's authority to legislate in relation to aeronautics and aerial transportation and to legislate for the purpose of implementing an International Convention. The scope of the authority of Parliament in relation to both of these matters is not clearly defined. Certain provisions of the bill would seem to go beyond either of them even if the most favourable view is taken of Parliament's authority and to relate to matters of provincial competence. For example, the bill abrogates the rights of a creditor to seize under provincial law a non-commercial Canadian aircraft in the exercise of a contractual right to enforce a security interest acquired under such law if the security interest is unrecorded in the central registry, although no person other than the debtor and creditor has any claim with respect to the aircraft (cl.8(b)). Such a provision does not appear to be required by the terms of the Convention (Art. 1, para. 2) nor does it seem to be legislation in relation to aeronautics or aerial transportation, but seems to be legislation strictly in relation to property and civil rights in the province. The validity of this and other more significant provisions of the

bill can only be finally settled by the courts and until this is done, will remain uncertain.

Again, the provisions of the bill do not seem to have been prepared with sufficient thought given to integrating them with existing provincial laws. In some provinces, statutes require registration under them to give validity to security claims over chattels as against third parties. It would appear that the validity of an interest recorded in the central record is to be determined in part under provincial law. What is the position of an unregistered but recorded interest? Also, the transitional clause (cl.17) leaves the operation of provincial laws with respect to securities given before the coming into force of Bill S-5 uncertain and indefinite as to the period during which they will operate. Other examples are given in the submissions already made to your committee.

Until all these uncertainties are resolved, I suggest that the objective Bill S-5 will be substantially defeated since lenders desiring to ensure protection for security interests in aircraft will probably find it necessary to comply with both provincial laws and Bill S-5. Even then their rights will not be clear until the extent to which the bill overrides provincial law is established. I am sure no one will contend that the existence of such uncertainties in a field where significant commercial transactions must be founded on certainty of the law can be justified.

I have given some thought to the ways in which these uncertainties could be eliminated.

I do not think that a reference of the bill to the courts would be of assistance. The question of its validity arises with respect to several of the provisions of the bill and raises many questions that it would be undesirable to deal with in the abstract. Moreover, it would not, I suggest, be possible to refer questions to the courts that would settle the operation of the provisions of the bill in all of the 10 provinces.

For these reasons, I would respectfully suggest that Bill S-5 should not be proceeded with until after a consultation between the appropriate federal and provincial ministries has taken place. The bill might be revised to establish a scheme enacted by clearly valid complementary federal and provincial legislation. Its terms could also be revised to clarify and make certain the effect of recording in the new central record under the law of each province.

I should also add that I feel that it is undesirable from the point of view of cost and delay to confer discretionary jurisdiction on the Federal Court to regulate seizures of aircraft operating on scheduled air services where a judgment of a superior provincial court authorizing such seizure has already been obtained. Any special considerations governing the seizure of such aircraft should be written into the bill and could be applied in the provincial courts. This new extension of the already over-extended jurisdiction of the Federal Court is unnecessary.

I thank you for soliciting the views of this ministry on this matter.

Yours truly,

F. W. Callaghan,
Deputy Attorney General,
Province of Ontario.

February 21, 1975.

Mr. F. E. Gibson,
Director, Legislation Section,
Department of Justice,
Ottawa, Ontario
Dear Mr. Gibson:

The Standing Senate Committee on Transport and Communications is presently considering Bill S-5, "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft". Some time ago I was instructed to seek the views of the provincial Attorneys General on said bill. To date, the three attached replies to our queries have been received.

This morning the committee instructed me to renew our request to the Attorneys General, forwarding at the same time copies of the replies already received. I was also instructed to acquaint you with these developments and to seek your advice as to the possibility of our committee amending the legislation without violating the terms of the treaty which it seeks to implement.

I should like to hear from you as to your availability to so advise our committee, either by appearing before it or submitting a written opinion. Your advice should also deal with the constitutionality aspect of the said bill.

Thanking you for your kind attention to my request, I remain,

Yours truly,

Maurice Bourget,
Deputy Chairman.

March 5, 1975

Senator Maurice Bourget,
Deputy Chairman,
Senate Committee on Transport and Communications,
The Senate,
Parliament Buildings,
Ottawa, Ontario.

Re Bill S-5, An Act to enable Canada to comply with a
Convention on the International Recognition of
Rights in Aircraft

Dear Senator Bourget:

In your letter of February 21, 1975 to Mr. F. E. Gibson, Director, Legislation Section, you inquired as to the possibility of the Committee on Transport and Communications amending Bill S-5 without violating the terms of the Convention on the International Recognition of Rights in Aircraft signed at Geneva on the 19th day of June, 1948. You also requested a reply providing an opinion as to the constitutional aspect of the bill, i.e., an opinion on the authority of Parliament to enact legislation to give effect to the Convention.

With respect to your inquiry as to the possibility of amending the bill without violating the terms of the Convention, there are undoubtedly amendments that could be made without violating its terms but each of these would have to be considered in light of the Convention. It is, in the circumstances, impossible to advise you in a specific manner without knowing the nature and scope of the proposed amendments.

The bill is based on the federal power in respect of aeronautics which arises from two well-known judicial decisions. The first is the decision of the Privy Council, *in re The Regulation and Control of Aeronautics in Canada*, (1932) A.C.54. The second is the decision of the Supreme Court of Canada in *Johannesson vs the Rural Municipality of West St. Paul* (1952) 1. S.C.R. 292.

As an officer of the Department of Justice and a legal adviser to the Government I am unable to give you an opinion on constitutional aspects to which you refer. Such a request should be addressed to the Minister responsible for the bill.

Yours very truly,

M. H. Pepper,
Department of Justice.

Senator Maurice Bourget,
Deputy Chairman,
Standing Senate Committee on
Transport and Communications,
Parliament Buildings.
Subject: *Central Aircraft Registry Act, Bill S-5*

You have requested comments on behalf of the Department of Transport in respect of the briefs and opinions expressed by the parties appearing at the Senate hearings on Bill S-5, particularly in respect of the objections made on behalf of the financial institutions.

I have been requested to point out to your committee that the principles set out in Bill S-5 have been promoted by the Department of Transport principally at the request of the Canadian Bar Association and of financial institutions interested in aircraft financing for the purpose of accommodating what was considered a public need in the area of aircraft financing. Other than that, the Department of Transport has no particular interest in Bill S-5. The failure of Bill S-5 to be passed would not in any way adversely affect the operations of the Department of Transport. In saying this, however, it is recognised that the Department of Transport is perhaps the only agency of the government which could further the bill or carry out its provisions and give effect to the Convention on the International Recognition of Rights in Aircraft.

It is noted that all the provincial Attorneys General have taken the position that the bill infringes upon property and civil rights and thus upon provincial legislative jurisdiction. Some of the provincial Attorneys General are of the opinion that the passage of the bill would create uncertainty in this particular area which would continue in the absence of a clear judicial decision. The position of the Department of Transport is based upon the opinion of the law officers of the Department of Justice that the bill is within federal legislative jurisdiction and does not unnecessarily infringe upon the provincial sphere. Although the opinion of the Department of Justice is being relied upon, it is accepted that this does not settle the law on the matter and until a court decision is taken it must be admitted that there will be uncertainty in the minds of persons registering financial interests in aircraft as to the protection afforded by Bill S-5, and they will perhaps necessarily be obliged to continue registering in accordance with provincial legislation.

The briefs from the financial agencies concerned in aircraft financing objected to the provisions of the bill upon a number of common grounds, some of which are:

- (a) that a floating charge is not provided for;
- (b) provision is not being made for interests to be registered against aircraft engines only;
- (c) that the provisions relating to seizure and sale of an aircraft are unnecessarily complicated and time-consuming.

In relation to these particular objections it must be recognised that the purpose of the bill is to comply with the Convention on the International Recognition of Rights in Aircraft in order that financial interests registered against aircraft in Canada will be recognised in other countries adopting the Convention. The Convention provides the rules under which recognition will be given to registered financial interests in aircraft. One of the fundamental rules is that interests be registered against an aircraft registered in a country as to nationality, that is to say it must be an identifiable aircraft registered as to nationality. The only way an aircraft can be registered as to nationality is pursuant to the Aeronautics Act, which has been held to be federal legislation. If provision in the bill was made for a floating charge or for registering an interest against engines only there is in such cases no identifiable aircraft and accordingly such interests would not come under the Convention and there would be no protection. In addition such provisions would undoubtedly infringe on provincial legislation.

Also the provisions relating to seizure and sale of an aircraft, particularly the requirement that six weeks notice of sale be given, are provisions required, by the Convention for International Recognition. If the bill provided for a shorter period of time again the protection of the Convention would be lost.

Another objection by the financial institutions was that no provision is made for parties agreeing among themselves as to priority of registered interests under the bill. This is correct but there is nothing in the bill preventing parties from changing the order of priority of registered interests, for example a prior registered interest can be voluntarily removed and re-registered at any time which would permit another interest to be registered ahead of the one which had first priority. Further there is nothing in the bill which would prevent the continuation of the common possessory lien such as can be had for hangarage or repairs to the aircraft. In such cases the aircraft can be held until payment or satisfactory arrangements made.

A further objection by the financial institutions was that once an aircraft had been seized on the security interest, it was necessary to continue with the process of applying to a court for authority to sell the aircraft and the parties concerned could not agree among themselves as to the manner in which the security interests might be satisfied. There is nothing in the bill to this effect provided there is to be no sale. We are all aware that many court actions have been commenced but very few proceed to the ultimate end provided by law, so also with the provisions of the bill. They are there to be used if necessary but there is nothing to prevent the parties having registered interests under the bill to agree at any stage to a re-financing of the

aircraft and to a reshuffling of the priority of registered interests.

It should also be noted that aircraft can only be registered as to nationality in one state. Therefore, for a Canadian registered aircraft to be sold outside Canada, the registration of the aircraft in Canada would have to be cancelled. The provisions of the bill provide that this cannot be done without the consent of all those who registered their interests under the provisions of the bill. This is something that provincial legislation could not possibly provide for.

In conclusion I would like to point out that the bill was drawn principally to provide for the International Recognition of Rights in Aircraft registered in Canada. Accordingly, the bill was drawn so that it would not determine the substantive rights of the parties registering interests under it but would contain the provisions which are essential to the Convention in order that rights registered under it would receive international recognition.

L. J. Shields,
Counsel,
Air Administration,
Ministry of Transport.

THE SENATE

Thursday, May 29, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Guay (St. Boniface) has been substituted for that of Mr. Anderson on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION BILL

REPORT OF COMMITTEE

Senator Haig, Chairman of the Standing Senate Committee on Transport and Communications, reported that the committee had considered Bill C-5, to establish the Canadian Radio-television and Telecommunications Commission, to amend the Broadcasting Act and other acts in consequence thereof and to enact other consequential provisions, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

THIRD REPORT OF SPECIAL JOINT COMMITTEE PRESENTED
AND PRINTED AS AN APPENDIX

Senator Buckwold, Joint Chairman of the Special Joint Committee of the Senate and House of Commons on Employer-Employee Relations in the Public Service, presented the committee's third report.

He said: Honourable senators, I would ask that this report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of today and form part of the permanent record of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see appendix, pp. 1003-1004).

Senator Buckwold: Honourable senators, I wonder if I might have your permission to say a few words in explanation?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Buckwold: Honourable senators, I have the honour to be Joint Chairman of the Special Joint Committee of the Senate and House of Commons on Employer-Employee Relations in the Public Service. The committee has met regularly since last November. We have had 35 public meetings and we have had 29 briefs presented by a wide variety of witnesses, all of whom have had a special interest in the field of employer-employee relations in the Public Service.

● (1410)

The report presented today is an interim report. It is not a report dealing with the main substantive issues that face the nation in employer and employee relationships, and those problems that are associated with them. We are, I am sure, very aware of the urgency of improving that climate and the legislative processes that will make for a more harmonious relationship between employer and employee in the Public Service. My remarks today will in no way attempt to go into the details of the pressing and urgent issues facing the country, the government and our employees on this important subject.

I merely want to tell you that the interim report recommends some legislative action by the Government of Canada, which would in effect make the Public Service Staff Relations Board a permanent board. That is the main substance of the committee's recommendations in this interim report. The changes that are recommended are really for the purpose of dealing only with problems of administration, not with problems of policy or of a policy nature. That will come later.

At the present time, the Public Service Staff Relations Board, chaired by Mr. Jacob Finkelman, a very distinguished public servant with a highly regarded record of achievement, is submerged by the work before it. Keeping in mind that most members of the board are not there as permanent representatives but are there part time, the committee felt it was impossible for the Public Service Staff Relations Board, as presently constituted, to deal adequately with the problems it has and the decisions that have to be made.

If I might quote briefly from a comment by Mr. Finkelman about the problems of the workload of the board, he says:

The experience of the last year, and particularly of the last few months, has demonstrated beyond the shadow of a doubt that it is becoming increasingly difficult for the board as presently constituted to meet

the demands that are made on it. If the board is to be able to perform its functions both properly and in a timely fashion, no barriers should be erected to the effective use of all the resources of the board in relation to its responsibilities. Every member of the board must expect to be, and be capable of being, fully utilized in relation to his inherent capabilities.

Let me give you an idea of the workload facing this basically part-time board. There are series of applications for certification, the details of which I will not go into; determination of membership of bargaining units; and complaints under section 20 of the act. There are also 17 questions of law or jurisdiction cases before the board concerning decisions of adjudicators. A very major workload arises from applications for consent to prosecute; that is, the institution of prosecutions against employees who have allegedly moved into the illegal strike area. There are about 2,000 of those applications now before the board. There is the problem of applications for enlargement of time; requests for review under section 25 of the act. They have several cases of managerial or confidential exclusions. This is an indication of some of the items presently under consideration by this part-time board.

The intent of the legislative changes, if the government sees fit to adopt them, would be to institute a full-time board with basically the same responsibilities, which would be able more quickly to deal with the workload it has. The committee believes this is essential almost as an emergency measure, in order to keep the work of the board current and smoothly operating during these periods of very trying employer-employee relations.

Honourable senators, this is the basic recommendation of this interim report and I hope that it is received with approval by members of this house and by the other place.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Rowe be substituted for that of the Honourable Senator Perreault on the list of senators serving on the Special Joint Committee on Immigration Policy; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, June 3, at 8 o'clock in the evening.

Honourable senators, as usual at this time I should like to summarize the work before the Senate next week, dealing first with the schedule of committee meetings.

On Tuesday the Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 11 a.m. Also at 11 a.m., the Standing Senate Committee on

Legal and Constitutional Affairs will meet to begin its study on the Green Paper on Members of Parliament and Conflict of Interest. It is expected that the Honourable Mitchell Sharp will be a witness at this meeting. The Senate Committee on Standing Rules and Orders will meet at 4.30 p.m.

On Wednesday morning at 9.30 the Standing Senate Committee on Banking, Trade and Commerce will meet to study the subject matter of Bill C-60, respecting bankruptcy and insolvency.

On Thursday the Standing Senate Committee on National Finance will meet at 9.30 a.m. to continue its study of the Manpower Estimates, and a meeting of the Standing Joint Committee on Regulations and other Statutory Instruments is called for 11 a.m. At 3.30 p.m. the Special Joint Committee on Employer-Employee Relations in the Public Service will meet, and the Standing Senate Committee on Agriculture will probably meet that afternoon though the time has not yet been set. This meeting will be for the consideration of Bill C-19, the Two-Price Wheat Bill, and arrangements have been made to have the Honourable Otto Lang appear as a witness.

In the Senate we will proceed with the items remaining on the Order Paper, and it is expected that two bills will come to us from the other place.

Motion agreed to.

• (1420)

AIRCRAFT REGISTRY BILL

REPORT OF COMMITTEE ADOPTED

The Senate resumed from yesterday the debate on the motion of Senator Bourget for the adoption of the report of the Standing Senate Committee on Transport and Communications on Bill S-5, to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft.

Senator Flynn: Honourable senators, Bill S-5 has suffered a strange fate. Those of you who have read the report of the committee know that the view of the members is that this bill should not be proceeded with further at this time because of its implications on constitutional and practical levels. Moreover, all the attorneys general of the provinces have expressed reservations—even, in many cases, strong objections to the bill. It became clear during the meetings of the committee that if this bill were enacted at this time it would generate considerable confusion owing to the fact that we would then have a situation in which parallel legislation existed.

When I said that this bill had suffered a strange fate, I had in mind what happened to Bill S-9 which was introduced in 1973. That bill was initiated in the Senate, received second reading here and was referred to committee. Objections were raised along the lines of those which are the basis for the present report of the committee on Bill S-5. Those objections were discarded by the departmental officials at that time, who expressed the view that there was no problem whatever. In fact, with all due respect to Madam Speaker, who was the sponsor of Bill S-9 at that time, she said the bill would simplify the whole problem of registration of rights in aircraft. Everyone

believed that that would be the case and the bill passed through committee here, received third reading and was sent to the House of Commons. In the House of Commons it received second reading, at which stage strong criticisms as to the constitutionality of the bill were expressed by some members. The bill was then referred to the House of Commons Committee on Transport and Communications. For one reason or another that committee never seemed to find the time to deal with the bill, and it finally died on the Order Paper when the session ended at the beginning of January 1974.

If memory serves me right, the bill was not reintroduced in the following session beginning in February 1974 and ending with the dissolution of Parliament at the beginning of May, to be followed by the election of July 8. However, if I am not mistaken, that very same bill, without a change, is what we were confronted with in the present session. What I find strange, honourable senators, is not so much the fact that, after such a tortuous history, the bill should have returned to us in its present form, as that, despite that experience, we should have been told by the officials of the Department of Transport that no consultation had taken place with the provinces either prior to the introduction of Bill S-9 in the session of 1973 or since the dissolution of Parliament or after the bill had died on the Commons Order Paper in that session, or since the dissolution of Parliament in May of last year.

It is quite obvious, I think, to honourable members who have attended the committee's sittings, that there are very serious constitutional and practical problems involved in this bill. I cannot understand why the government—and I am not speaking now of the present government itself, but rather of the administration—in a matter like this, after serious objections were raised, as they were, in 1973, would bring back this bill without having first attempted to solve a number of the problems pointed out in 1973. It is a purely administrative bill, with no political connotations at all, but it is an important piece of legislation, since everyone is in agreement that it would be desirable to have uniformity in Canada as far as rights in aircraft are concerned.

How is it, however, that a bill of this kind and of this importance should not have been discussed first with the provinces? I hope that the recommendation of the committee that this legislation should not be introduced before some consultation takes place with the provinces will serve as notice to the administration generally that in such matters as this, as should be obvious to anyone who has any knowledge of the problems involved in this type of proposed legislation, the subject should be discussed with the provinces beforehand.

In any event, I am very happy with the result of the work of the committee, and I am very happy that the bill did not pass in 1973, since it would then have created confusion and would really have indicated that we had been remiss in carrying out our responsibilities. Now that we have been able to protect against legal confusion, I hope the administration and the government will exercise more care in the future.

Senator Connolly (Ottawa West): Honourable senators, I am very pleased indeed to take part in this discussion.

[Senator Flynn.]

First of all, let me congratulate the members of the Transport and Communications Committee on the steps that they have taken in respect of this measure. As Senator Flynn has pointed out, this measure has had a curious history and a curious kind of passage through Parliament.

It is difficult to understand why the obvious conflicts that exist between the federal jurisdiction and the provincial jurisdictions in respect of matters covered by this bill have not been more appreciated and understood. Like most honourable senators, I read the material that was filed with the report yesterday, including the letter from the Attorney General of Ontario, as well as the letters from the other attorneys general. The letter from the Attorney General of Ontario, however, pointed out a number of practical problems to which Senator Flynn has alluded, and which would emerge if this legislation were passed.

Honourable senators, perhaps we should remind ourselves that what is basically sought by this legislation is the provision of a central registry for aircraft. Presumably the authority to which the administration looked to base this kind of legislation on is the general authority in the Parliament of Canada to deal with aeronautical matters, but the fact is that what is proposed is the establishment of a central registry.

We should remind ourselves that under head 13 of section 91 of the British North America Act powers regarding property and civil rights reside with the provincial authority. When it comes to registration matters in respect of real estate there is no problem. In the early days of this country, when trade and commerce were mainly of a local nature, the registration of documents affecting chattels and personal property could easily be carried out under provincial jurisdiction. But today, chattels, including things as big and expensive as aircraft and rolling stock on railways, are not only in local and interprovincial trade, but in international trade as well.

● (1430)

I can see that with the requirements for capital in modern industry there should be some central registration place where documents affecting property of this kind can be registered for notice to third parties and, indeed, to the whole world, of title to chattels, personal property, "movable property"—to quote the words of the Civil Code in Quebec—of this kind. I think it is highly desirable that there should be such a thing as a central registry for this kind of property because it will facilitate the financing required in industries as big as the aeronautics industry together with its branches, and as big as the railway industry and perhaps other industries as well. But in saying that, honourable senators, I also think that some accommodation has to be worked out with the provinces so that the registration laws as they apply in each province are not going to be in conflict with the registration laws as they would apply for a central registry if such were to be established—as presumably it would be—in Ottawa.

Just a few days ago one of our colleagues, who is not here at the moment, was discussing with me a problem that arose in an organization in which he has an interest as a director. This involved a company that owns rolling stock used on railways. The company was seeking an

amendment to the Railway Act to provide a central registry for their rolling stock. What they found was that when they needed capital they had to register chattel mortgages, and in certain instances they might have to register these chattel mortgages in perhaps hundreds of municipal and county jurisdictions across the country. This is an unreasonable burden to place on an industry of that kind. I can readily see, as I am sure all honourable senators can, that in respect of aircraft, where the capital requirements are so great, it is much more pressing that this kind of legislation should be developed.

Senator Flynn has really said as much as need be said about this legislation, and in rising I just wish to express the hope that when the administration looks at this legislation in respect of aircraft, it will look also at the needs related to such things as rolling stock on railways. In fact, there may well be other industries in the country where a similar situation exists. I am sure that with the cooperation of the offices of the various attorneys general across the country an accommodation can be reached whereby under provincial law and federal law in respect of registration of instruments concerning personal property, chattels and movable property, as are referred to in this legislation, there will not be any jurisdictional problem, and that this legislation can finally be placed before us with the approval and agreement of the provincial authorities as to its content.

Senator Langlois: Honourable senators, I am very pleased also to join with those who have preceded me in voicing appreciation of the work done by the committee in connection with this bill.

It was contended before the committee by some of the witnesses that this bill was merely creating a central registry, and that therefore property rights acquired under provincial legislation would not be affected by such registration. But, unfortunately, the bill goes much further than merely creating a simple registration centre. For example, honourable senators have only to refer to clause 9, and the clauses following, to see that the provisions would surely affect the rights acquired under provincial legislation.

For example, clause 9 deals with the seizure and sale of aircraft, and places a limitation of time on the application for seizure. Clause 10 deals with execution proceedings. There again there could be a very serious limitation upon those rights acquired under provincial legislation. In that respect this bill goes further than simply creating a central registry office.

Senator Choquette: It would be an information bureau.

Senator Langlois: However, it goes further than that, because it limits the application of those rights which would be so registered.

I am also in full accord with Senator Connolly's statement that there is room for accommodation. The door has been opened by the letter received from the Attorney General of the Province of Quebec, for example, in which an open invitation was extended to the federal authorities to consult with the province with respect to ways of finding some accommodation. I am sure that an exchange of views between the two governments will bring worthwhile results.

I am also in accord with the opinion expressed by other speakers to the effect that they are amazed that this was not done before this legislation was introduced in this house, originally by Bill S-9 some years ago, and now by this present bill. The preamble to the bill indicates that it is expedient that legislative provisions be made to give effect to the obligations of Canada under a treaty signed as far back as 1948. I am sure that the intervening 27 years from 1948 until now have somewhat eroded this expediency or urgency. I do not think this is a reason for not consulting the provinces with a view to reaching that worthwhile accommodation suggested by Senator Connolly.

I am in full agreement with the report of the committee, of which I am a member. I am also pleased with the careful manner in which the committee studied this matter, and went to the trouble of consulting the attorneys general of the provinces in order to ascertain their views in connection with this legislation. I, in common with other senators, was surprised to note that even the legal adviser of the department was in accord with the position we have taken. We have a letter from Mr. L. J. Shields, Counsel, Air Administration, Ministry of Transport, which expresses his accord with our views.

I am pleased to agree with my colleagues who have spoken to this important matter by saying that every effort should be made to obtain some accommodation with the various provinces in order that legislation may be drafted which will not be conducive to confusion and disagreement with the provinces in respect thereof.

This is a very important piece of legislation. Its purpose is good. I would be very pleased to see it enacted, but before that happens we must take the precaution of proceeding in the manner recommended by our committee.

Senator Asselin: Will the bill be returned to the other place?

Senator Connolly (Ottawa West): No, it dies.

Senator Langlois: It dies in this house.

Senator Connolly (Ottawa West): May I have permission of the Senate to make one more remark which, in essence, arises out of the reference by Senator Langlois to the preamble of the bill? In effect, it would appear from reading the bill itself that an attempt is being made to take jurisdiction because of the treaty-making power of the federal government. The treaty was agreed to in 1948.

● (1440)

It might be useful to say that back in the 1930s, when Senator Meighen and Senator Dandurand were here, a great debate took place on the treaty-making authority, and on whether or not some of the legislation based upon treaties could, in fact, be passed by the federal government, in view of the Constitution and the rights of the provinces. It was a very important debate. In those days they did not have the benefit of federal-provincial conferences which we now have. They decided that although the treaty-making power was a valid power to be exercised by the federal government, it could not be invoked to interfere with the rights conferred upon the provincial authority, under the provisions of the British North America Act and other legislation.

It is simpler today for us to see this. It is also simpler for us to see how an accommodation can be reached. This is good legislation in its intent, but it is not good in the form in which it is drawn. However, I am of the opinion that at a federal-provincial conference the difficulty can be resolved.

Senator Bourget: Honourable senators, I was asking myself what an engineer could say, after listening to the remarks of three of the distinguished lawyers in this chamber, except to thank them for their kind remarks and for their support.

I should like also to take this occasion to thank the members of the committee for their thorough study of Bill S-5. As honourable senators realize, it is unusual that a bill, after receiving second reading, is not proceeded with further. However, as I have said, after a complete and intelligent study in committee, we could arrive at no other conclusion than the one in the report.

I agree entirely with the remarks of Senator Flynn. I cannot understand why, in respect of a bill such as this which concerns so many interests, the officers of the department—whatever department it might be—should not have consulted with the provincial authorities. We now have to delay this bill which, as honourable senators know, is an important one for those financial and banking institutions interested in it, and for the aircraft industry in Canada.

As I said yesterday, I hope that the government, or the department concerned, after consultation with the provinces, can draft a bill that will take into account not only the views expressed respecting constitutionality but also the amendments suggested by those who were witnesses before the committee. I hope the government will draft another bill that will meet with our approval, and the approval of all who are interested in this matter.

Senator Choquette: You could engineer a whole new procedure.

Senator Bourget: With the help of good lawyers, I am always willing to try.

Motion agreed to and report adopted.

The Hon. the Speaker: Honourable senators, pursuant to rule 81, the bill shall be removed from the Order Paper.

PETROLEUM ADMINISTRATION BILL

REPORT OF COMMITTEE ADOPTED

The Senate resumed from yesterday the debate on the motion of Senator Macnaughton for the adoption of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill C-32, to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade.

Hon. Jacques Flynn: Honourable senators, I wish to say only a few words. I see that I meet with the approval of my colleague to my left. I am sure he is not the only one who hopes that my speech will be brief. Indeed, I merely moved the adjournment to provide an opportunity for my colleagues, particularly my good friend Senator Greene, to read the report of the committee and the amendments, and to understand their purport.

This session has been an exemplary one for the Senate in that we have made amendments to a number of pieces of legislation—all kinds of amendments and decisions, both substantial and technical. In the case of the previous Order of the Day—the report on Bill S-5—the decision we made was substantial. In this case it is more technical, but it shows the usefulness of a second chamber.

The government itself was very happy to have the Senate in order to correct some ambiguities in the bill. It came to us, and some amendments were suggested by the department concerned. Others were suggested by Trans-Canada PipeLines Limited, which had the opportunity of appearing before the committee, an opportunity it had not had in the other place. Thus, because the Senate exists and makes worthwhile amendments, we have a better piece of legislation.

Motion agreed to and report adopted.

The Hon. the Speaker: When shall this bill be read a third time, as amended?

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

The Senate adjourned until Tuesday, June 3, at 8 p.m.

APPENDIX

(See p. 998.) 1975

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

THIRD REPORT OF COMMITTEE

Thursday, May 22, 1975.

The Special Joint Committee of the Senate and of the House of Commons on Employer-Employee Relations in the Public Service has the honour to present its Third Report, as follows:

Your committee has to date held 35 public meetings between Wednesday, November 13, 1974, and Tuesday, May 27, 1975. Twenty-nine briefs have been received and considered by your committee from a variety of interested parties; i.e., bargaining agents representing employees in the Public Service of Canada; unions representing views outside the Public Service of Canada; the Treasury Board Secretariat representing the Government as employer; employer groups in the private sector, the Chairman of the Public Service Staff Relations Board and the Chairman of the Public Service Commission, personnel and labour relations specialists; university professors; and interested individuals.

Many have followed your committee's deliberations with great interest and ten supplementary briefs have been received and are undergoing careful study. Forty-three witnesses have appeared before the committee; all have been questioned at some length. Your committee has now concluded its examination of the Treasury Board Secretariat. In due course, your committee will further examine the Chairman of the Public Service Staff Relations Board in relation to recommendations made in his report to Government in April of 1974, and his further observations and recommendations contained in two supplementary reports sent to the committee in March and April of this year.

It is unlikely that the last witness will be heard before the middle of June and therefore unlikely that your committee will be in a position to provide a comprehensive and final report to the Senate and the House of Commons before the summer recess.

In his report to the Government, and with even greater emphasis in his supplementary representations to your committee, the Chairman of the Public Service Staff Relations Board has expressed concern at the incapacity of the Board, as it is now structured, to carry the burden entrusted to it. This concern is expressed in his recent representations in the following terms:

The experience of the last year, and particularly of the last few months, has demonstrated beyond the shadow of a doubt that it is becoming increasingly difficult for the Board as presently constituted to meet the demands that are made on it. If the Board is to be able to perform its functions both properly and in a timely fashion, no barriers should be erected to the effective use of all the resources of the Board in relation to its responsibilities. Every member of the Board

must expect to be, and be capable of being, fully utilized in relation to his inherent capabilities.

Most of the witnesses before your committee urged committee members to examine the structure and functions of the Public Service Staff Relations Board and underlined the importance of eliminating delays, of providing a system of quick but fair justice.

It has become increasingly evident to committee members in recent weeks that we are faced with having to resolve immediate administrative and operational problems which if left uncorrected would undermine the collective bargaining structure in the Public Service of Canada. In addition, the committee must resolve substantive policy issues that are necessary to meet the complex needs of the parties in an evolving social climate. Your committee believes that the policy issues with which it is faced cannot and indeed should not be resolved hastily.

Your committee, however, does feel that the present administrative difficulties can be dealt with to meet urgent requirements without being prejudicial to the substantive decisions to be taken and which will form a later report. We are consequently separating the issue of the Board from the other issues and recommending in this report a proposal relating to the structure of the Board which we urge the Government to consider without delay.

In evaluating the urgency that attaches to the problem of the structure and composition of the Board, committee members are aware of the labour relations and economic environment which prevail throughout the country and which affect the public and private sectors alike, and of the consequent pressures that have already arisen. The Public Service Staff Relations Board is designed to administer the Act; e.g. to moderate disputes and facilitate agreements between the Public Service as employer and its employees. On the whole it has served the system of collective bargaining and the country well since 1967. Signs of strain began to show in the early 1970's and we are now convinced, after examining the proposals in depth and after listening with care to all who had a point of view on this issue, that it is a matter of national importance to have a Board with the capacity to deal efficiently and effectively with the third-party dimensions of the employer-employee relationship if the collective bargaining process in the Public Service is to continue to operate successfully.

We are satisfied that the part-time, multi-dimensional Board provided for in the present legislation is ill-equipped to carry the load that is now thrust upon it. We, therefore, recommend that a Public Service Staff Relations Board be constituted with responsibility for all the major third-party responsibilities in the collective bargaining relationship; i.e., embracing the roles of the present Board, the Arbitration Tribunal and the adjudicators.

Your committee considered the desirability of recommending that the language of the statute should provide assurance that in making appointments to the Board the Governor in Council would be obliged to respect the kind of composition suggested in the Finkelman Report, i.e.:

The Board should be composed of a mix of persons who have had legal training and laymen acquainted with various aspects of employer-employee relations. Some of the members should be drawn from those who have participated in collective bargaining on the side of employers and some who have participated in collective bargaining on the side of the employees.

The Government should seriously consider the advisability of endorsing the kind of "mix" which is reflected in the quotation from the report and commit itself to endeavour, in discharging its responsibility in this area, to cooperate with bargaining agents in ensuring effective "representation" on the Public Service Staff Relations Board.

Recommendations

Composition

The Government should give consideration to the advisability of introducing legislation providing for a Chairman, a Vice-Chairman, not less than three Deputy Chairmen and such other full-time and associate (part-time) members as may be required to discharge the responsibilities of the Board.

(a) The functions and powers of the Arbitration Tribunal, the Chief Adjudicator and adjudicators should be assigned to the Public Service Staff Relations Board and discharged by members of the Board, sitting as panels or as individuals;

(b) Incorporation into a composite public member Board of the authority and responsibilities of the Chief Adjudicator, adjudicators, the Chairman and alternate chairmen of the Arbitration Tribunal will necessitate the removal of the review powers of the Board of the

authority in relation to questions of law and jurisdiction presently vested in it.

Appointment Procedure

The Chairman, Vice-Chairman and Deputy Chairmen should be appointed by the Governor in Council. Members are to be appointed by the Governor in Council from lists prepared by the Chairman after consultation with the parties, the lists to include the names of all persons nominated by any of the bargaining agents and by authorized representatives of the employer. A retiring Chairman, Vice-Chairman, Deputy Chairman or member should be eligible for reappointment to the Board in the same or another capacity.

Tenure

The Chairman, Vice-Chairman and Deputy Chairmen should hold office during good behaviour for a specified period not exceeding ten years and should be eligible for reappointment. Members and associate members should be appointed to hold office during good behaviour for a specified period not exceeding seven years and should be eligible for reappointment. No person should be able to hold an office on the Board after attaining the age of 70 years.

Distribution of Authority and Responsibilities within the Board

The Statute should identify the Chairman as the Chief Executive of the Board and should provide for the Vice-Chairman to exercise the powers and functions of the Chairman in his absence. The assignment of authority and responsibility to the Vice-Chairman and Deputy Chairmen for specified areas of the business of the Board and the conditions attaching to such assignments should be determined by the Board.

Respectfully submitted,

Sidney L. Buckwold,
Joint Chairman.

THE SENATE

Tuesday, June 3, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

CLERK'S ACCOUNTS

STATEMENT TABLED PURSUANT TO RULE 112

The Hon. the Speaker informed the Senate that, in accordance with rule 112, the Clerk of the Senate had laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1974-75.

REFERRED TO COMMITTEE

Senator Petten: Honourable senators, I move:

That the Clerk's accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Miss Bégin and Mr. Alexander have been substituted for those of Messrs. Lachance and La Salle, and the names of Messrs. Gilbert and Lachance have been substituted for those of Messrs. Orlikow and Prud'homme on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

NORTHERN CANADA POWER COMMISSION ACT

BILL TO AMEND—CONCURRENCE BY COMMONS IN SENATE
AMENDMENT

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that they had agreed to the amendment made by the Senate to Bill C-13, to amend the Northern Canada Power Commission Act, without amendment.

CULTURAL PROPERTY EXPORT AND IMPORT BILL

CONCURRENCE BY COMMONS IN SENATE AMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that they had agreed to the amendments made by the Senate to Bill C-33, respecting the export from Canada of cultural property and the import

into Canada of cultural property illegally exported from foreign states, without amendment.

BRITISH NORTH AMERICA ACTS, 1867 to 1975

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-3, to amend the British North America Acts, 1867 to 1975.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

OCEAN DUMPING CONTROL BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-37, to provide for the control of dumping of wastes and other substances in the ocean.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

JUDGES ACT AND CERTAIN ACTS IN RESPECT OF THE SUPREME COURTS OF NEWFOUNDLAND AND PRINCE EDWARD ISLAND

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-47, to amend the Judges Act and certain other acts for related purposes and in respect of the reconstitution of the Supreme Courts of Newfoundland and Prince Edward Island.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report on the operations of the Exchange Fund Account, together with the Auditor General's report on the audit of the Account, for the year ended December 31, 1974, pursuant to sections 17 and 18(2) of the Currency and Exchange Act, Chapter C-39, R.S.C., 1970.

Report of the Minister of Finance respecting Olympic coins for the six months ended March 31, 1975, pursuant to sections 13(1) and 13(3) of the Olympic (1976) Act, Chapter 31, Statutes of Canada, 1973-74.

Report of Telesat Canada for the year ended December 31, 1974, including its accounts and financial statements certified by the Auditors, pursuant to section 37 of the Telesat Canada Act, Chapter T-4, R.S.C., 1970.

Copies of a document entitled "Federal Meat Inspection in Canada," issued by the Department of Agriculture.

Senator Flynn: That last document is quite timely.

Senator Perrault: Yes. I hope honourable senators find it of interest.

IMMIGRATION POLICY

FIRST REPORT OF SPECIAL JOINT COMMITTEE PRESENTED

Senator Perrault, on behalf of Senator Riel, Joint Chairman of the Special Joint Committee of the Senate and House of Commons on Immigration Policy, presented the committee's first report, as follows:

Monday, May 26, 1975

On March 3, 1975 and March 5, 1975, the House of Commons and the Senate adopted a joint resolution which empowered your Committee to consider the Green Paper on Immigration Policy tabled by the Minister of Manpower and Immigration in the House of Commons on February 3, 1975 and to invite the views of the public on the issues raised therein.

The Committee is of the opinion that it will be unable to complete its enquiry within the time prescribed by its Order of Reference. The Committee recommends therefore that the date of submission of its report be extended until October 31, 1975.

Respectfully submitted.

Maurice Riel,
Joint Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Perrault moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

● (2010)

RESTAURANT OF PARLIAMENT

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

[Senator Perrault.]

That the name of the Honourable Senator Norrie be added to the list of senators serving on the Standing Joint Committee on the Restaurant of Parliament; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, June 4, 1975, and that rule 76(4) be suspended in relation thereto.

Senator Flynn: Explain.

Senator Petten: Honourable senators, I should like to call on the Chairman of the Standing Senate Committee on Banking, Trade and Commerce to give the explanation.

Senator Hayden: Honourable senators, tomorrow we will commence our study of the subject matter of the bankruptcy bill, and to start with we are embarking upon a course of education with our two experts. The morning sitting may run beyond 12.30, and I thought we should get full value for the consideration we pay our experts. If they have not completed the projection that we have laid out for dealing with this subject by the end of the morning, they may be able to do so if the committee meets in the afternoon. We pay the experts for a full day anyway.

Senator Flynn: That is a compelling argument.

Motion agreed to.

LABOUR CONDITIONS

WITHDRAWAL OF SERVICES BY LONGSHOREMEN AT MONTREAL—QUESTION AND ANSWER

Senator Flynn: Honourable senators, may I inquire of the Leader of the Government as to the situation in the St. Lawrence, or rather in Montreal harbour, since I understand, thank God, the problem is restricted to that port?

Senator Perrault: Honourable senators, I appreciate the opportunity accorded me by the Leader of the Opposition to make a brief statement with regard to the withdrawal of services by longshoremen at the port of Montreal.

I can report that this afternoon contempt proceedings were initiated against the union involved. Charges have also been laid under the Criminal Code of Canada against the president and the vice-president of the union, and several other persons.

Proceedings pursuant to the Canada Labour Code are also being initiated against some individuals, and officials are now reviewing certain material with regard to advising the government on possible cases of intimidation.

On the issue of material suggesting intimidation, after this has been reviewed thoroughly, charges may be laid by provincial authorities.

The government is very concerned about the possibility of intimidation which would prevent workers from carrying out their duties, and to meet that possibility the National Harbours Board police and the Montreal police are cooperating to prevent intimidation of any of the workers. By way of a procedural note, let me mention that possible infractions of the Criminal Code and the Canada Labour Code will be proceeded with by agents of the Attorney General of Canada. Where strictly Criminal Code offences are involved, the agents of the provincial attorney general will have jurisdiction.

It should be made clear that agents of the federal government are bringing contempt proceedings, relying on the order of the Chief Justice made following the passage by Parliament of the St. Lawrence River Ports Operations Act, and these contempt proceedings are going forth immediately.

Dealing with individuals, the federal government relies on the Criminal Code offence relating to the contravention of an act of Parliament.

The Honourable John Munro is prepared to meet with the representatives of the union if they are not in breach of a law passed by Parliament. It is the hope of the federal government, which I think is shared by most of those who serve in Parliament, that the Port of Montreal will be open and back to normal in the very near future, and the federal government is taking the necessary action to bring about that result.

RESTAURANT OF PARLIAMENT

SOURCE OF MEAT SUPPLIES—QUESTION

Senator Walker: On a less bloody but nevertheless meaty subject, would the Honourable Leader of the Government inform the house where the Parliamentary Restaurant gets its meat?

Senator Perrault: I should like to assure all honourable senators that a number of us had an excellent seafood dinner in the restaurant this evening. I shall, of course, undertake to determine the source of the parliamentary restaurant's meat supplies, and give the information to honourable senators.

IMMIGRATION

PRESENCE IN CANADA OF XAVIERA HOLLANDER AND GERDA MUNSINGER—QUESTION

Senator Molson: Honourable senators, in view of the fact that we have, or seem to have, the "Happy Hooker" as a Canadian immigrant and we are now welcoming back Gerda Munsinger, I should like to ask the Leader of the Government if there is any implication in our immigration policy of welcoming ladies of some uncertain past, or whether we might expect a change in the situation.

Senator Perrault: I want to assure honourable senators that the presence of those two ladies does not constitute a radical revision in Canada's policy.

Senator Flynn: Oh no?

Senator Perrault: I hope that my response has been conveyed in the proper fashion. I simply want to say that

to my knowledge no special arrangements have been made to bring in these two individuals, but I shall have an inquiry made and it is to be hoped that I shall have an answer later this week.

Senator Walker: Could it be that they are applying to be landed immigrants?

Senator Flynn: Landing!

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION BILL

THIRD READING

Senator Petten moved the third reading of Bill C-5, to establish the Canadian Radio-television and Telecommunications Commission, to amend the Broadcasting Act and other Acts in consequence thereof and to enact other consequential provisions.

Motion agreed to and bill read third time and passed.

● (2020)

PETROLEUM ADMINISTRATION BILL

ORDER STANDS

On the Order:

Third reading of Bill C-32, intituled: "An Act to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade", as amended.—(Honourable Senator Langlois).

Senator Petten: Honourable senators, in the ordinary course of events I would have moved third reading of this bill. However, I understand that there is a technical problem in connection with translations. I therefore ask that this order stand until tomorrow.

Order stands.

FOOD AND DRUGS ACT NARCOTIC CONTROL ACT CRIMINAL CODE

BILL TO AMEND—CONSIDERATION OF REPORT OF COMMITTEE—MOTION IN AMENDMENT—DEBATE ADJOURNED

The Senate resumed from Wednesday, May 28, the debate on the motion of Senator Goldenberg for the adoption of the Report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-19, to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code.

[Translation]

Hon. Martial Asselin: Honourable senators, in my opening remarks I would like to congratulate the members of the committee who showed in their consideration in committee of this bill a great sense of responsibility. This bill, as you know, reflects within the Canadian population differences in views and opinions so profound that it was appropriate to call upon the wisdom of our institution to settle the issue in the most impartial way possible. How-

ever, that did not prevent us from realizing that there were among committee members senators of liberal stripe who were much more conservative in mind than those sitting on this side of the house.

However, I think the wisdom, the tact, the knowledge and the understanding of the chairman, Senator Goldenberg, allowed us to produce a report that was unanimous on the main issues. However, in certain regards I think it remains contentious and questionable for some of the senators who sat on the committee.

So I congratulate the chairman of the committee for his excellent report. However, with your permission, I would like to indicate certain parts of the report which I personally think are unacceptable.

As reported at page 969 of the official report, the *Debates of the Senate* of May 27, 1975, the report of Senator Goldenberg said the following, and I quote:

"2. Subsections 35(2) and (3) of the said Act are repealed and the following substituted therefor:

"(2) If, pursuant to subsection (1), the court finds that the accused was not in possession of a controlled drug, he shall be acquitted, but, if the court finds that the accused was in possession of a controlled drug, he shall be given an opportunity of establishing that he was not in possession of the controlled drug for the purpose of trafficking, and thereafter the prosecutor shall be given an opportunity of adducing evidence to establish that the accused was in possession of the controlled drug for the purpose of trafficking."

● (2030)

On second reading of this bill, I objected to that provision since I do not agree with the amendment, because as I stated then the accused is placed in an extremely awkward position. Furthermore, when considering the burden of proof, the onus is on the Crown to prove that he did not have the restricted drug in his possession for trafficking purposes.

Honourable senators know that the basic principle upon which our penal system is based is to the effect that the accused is presumed innocent until proven guilty. It is the responsibility of the Crown to prove him guilty, and not that of the accused to prove his innocence.

The tendency shown by Parliament in recent years to reverse the burden of proof is in my view a precedent that deprives the accused of the means for defending himself.

I know that the Supreme Court of Canada ruled that the burden of proof could be reversed in cases where the accused is asked to prove his innocence concerning the operation of a motor vehicle while impaired. But in most criminal cases the basic economy of our criminal law is that the accused is presumed innocent until proven guilty by the Crown; otherwise, he would be refused his basic right to defend himself. With all these attempts to introduce action by amending the Criminal Code, the accused, having to prove his innocence, is made to appear as a guilty person rather than as an innocent one, as should be the case according to our Criminal Code.

A number of organizations appeared before the committee. We heard the Canadian Bar Association, the Quebec Bar Association, a number of individual lawyers from

many parts of Canada. I do not believe that any of those organizations or legal witnesses did not insist on the fact that in this case also an extremely dangerous precedent was being introduced into our Criminal Code.

I hope that on third reading we can review that provision in order that the accused may be reinstated in his rights, so that he does not have to prove his innocence but that the Crown should have to prove him guilty. Otherwise, no lawyer will be able to establish a defence system in an attempt to convince the court of the innocence of the accused he is defending.

Also on page 969, clause 5—

Senator McIlraith: The page?

Senator Asselin: Page 969, clause 5.

I believe these two recommendations of the committee report deserve our complete support.

I believe that we have established a new legal right under clause 4; that is, when someone is accused of simple possession the judge will be able to resort to the provisions of section 662(1) of the Criminal Code to grant him either a parole or an unconditional release. It is true that this section has been in the Criminal Code for a long time, and on a few occasions in my own practice I have used this section and the judge decided that the accused should benefit from it.

Under the provisions of the report, a judge will then be allowed to refer to section 662, subsection 1, to grant a parole or an unconditional release to someone who pleads guilty of simple possession of *cannabis sativa*. This is extremely important: if the judge delivers a sentence of unconditional release, under this provision of the report the accused will not have a criminal record.

If he is granted a parole under probation, the accused, after serving his probation period, will not have a criminal record. Honourable senators, you know the consequences of a criminal record for young people who, in the past, have been accused of simple possession. There are in Canada thousands of young people who will be deprived of certain social or educational advantages because, having pleaded guilty of simple possession of *cannabis sativa*, they now have a criminal record. In committee—I am thinking about Senator Croll, Senator McIlraith, and my colleague, Senator Neiman—we discussed this matter very seriously. Moreover, all bodies that appeared before us were overwhelmed by the fact that there are thousands of young people who are not aware of the provisions of the Criminal Records Act. Those youngsters are denied work on the labour market. Very often they are not allowed into university in either law or engineering precisely because they have criminal records. They do not know the procedure for getting pardon under this act. Therefore, those young people have criminal records all their lives for smoking perhaps one joint.

This is a progressive provision. This is a new law we have drafted. I hope the government will take it into account and will also attempt to apply it to other offences in the Criminal Code, especially minor offences. This provision will prevent young Canadian people, who have not trafficked in marihuana but have had perhaps one cigarette in their possession, from having a criminal record all their lives.

[Senator Asselin.]

I congratulate the committee for its decision. Furthermore, this is in line with the thinking of the Law Reform Commission presided over by Mr. Justice Hartt, who appeared before the committee and said that gradually there will be attempts to decriminalize offences in the Criminal Code. I remember quite well Mr. Justice Hartt saying at a public hearing that when the commission makes its recommendations, the judge will have the alternative of fining an accused—retaining our formula in order to prevent imprisonment.

● (2040)

If I remember well, I asked him what was the alternative. Well, it might be to condemn those who are unable to pay the fine to carry out public works in a municipality or to work for the charitable organizations of their district instead of sending them to prison. I say that more and more, according to the recommendations of the Law Reform Commission, some offences coming under the Criminal Code will no longer be considered a crime precisely because it has been proven in the past that prison sentences did not best serve the ends of justice for the individual and for society. Therefore, I heartily endorse this recommendation of the report submitted by Senator Goldenberg.

Of course, I do not agree when, on page 5 of the report, the bill itself provides for a ten-year sentence for the trafficking of marihuana or *cannabis sativa*. I feel that some committee members meant to say: "Well, listen now, we must prove to the people that we are harsh and that we can punish trafficking in an exemplary manner because some people are reactionaries, right wing." The bill provided for ten years. They said, "We will provide for 14 years less one day." But if we have a little experience, we know that in those cases where people are sentenced to ten, fifteen or twelve years imprisonment, they are released after two or three years under the Parole Act, and I wonder once again why they wanted to add 14 years less one day.

Of course, less one day is to enable the convict who is sentenced to that term to avail himself of the provisions of section 662 (1) of the Criminal Code, which provides that the judge may grant a conditional or unconditional parole. But why not maintain the ten-year maximum in the bill? Did they try, and I will repeat it, did they try to please some segments of the population who, in a reactionary way, definitely want the crime to be punished in an exemplary fashion? And the fact is that even those who are sentenced to 14 years less one day do not stay in the penal institution or the prison for more than two or three years. Of course I would ask the chairman of the committee, or my honourable friend, Senator McIlraith, or Senator Croll, to explain more thoroughly and to tell us why they have changed that ten-year period to a maximum of 14 years less one day. Whether it is 10 or 14 years, you know, I think it has the same effect on the person who is serving the term. It is he who is going to spend 10 or 14 years in prison, and he does not care less. Why 14 years instead of 10 years, as provided by those who drafted the bill?

On page 4 of the bill now before us, Bill S-19, and this is the main objection I had raised on the report of the

committee, we find the definition of "traffic". The bill says that "traffic" means:

(a) to manufacture, sell, give, administer, transport, send, deliver or distribute, (b) to offer to do anything mentioned in paragraph (a), otherwise than under the authority of this Part or the regulations.

I think that we must be consistent as regards the principle of this bill. When it was introduced for second reading, we did not say we would reduce the penalties, but that *cannabis sativa*, hashish and marihuana were now under the Narcotic Control Act, which is an act concerning hard drugs and a very severe one. We said that, without liberalizing the law, we were going to transfer this section to the Food and Drugs Act. Under this act, penalties may be lower and we will try to depersonalize, if I may use that term, the offences in connection with *cannabis sativa* under the Food and Drugs Act.

I think that principle is one of the basic principles that were behind the changes made to Bill S-19.

Therefore, if we look at the definition which appears on page 4 of Bill S-19, it is the same definition which can be found in the Narcotic Control Act. The definition of "traffic", in the Narcotic Control Act, chapter N-1 of the Revised Statutes of Canada, 1970, Volume 5, reads as follows:

● (2050)

"traffic" means—

Those senators wishing to follow my argument might look at the same time at the definition I gave of the word "traffic" in Bill S-19. So, the Narcotic Control Act says:

"traffic" means

(a) to manufacture, sell, give, administer, transport, send, deliver or distribute, or

(b) to offer to do anything mentioned in paragraph (a)

otherwise than under the authority of this Act or the regulations.

The terms are copied exactly from the definition of the word "traffic" in the Narcotic Control Act, while the basic principle of the bill was to remove the provision concerning *cannabis sativa* from the Narcotic Control Act and bring it under the Food and Drugs Act. The same definition as appears in the Narcotic Control Act is retained in Bill S-19. If you look at the definition in the Food and Drugs Act, you will find the definition of "traffic" in Parts III and IV of the Food and Drugs Act, sections 33 and 40, as follows:

[English]

"traffic" means to manufacture, sell, export from or import into Canada, transport or deliver, otherwise than under the authority of this Part or the regulations.

Under section 2:

"sell" includes sell, offer for sale, expose for sale, have in possession for sale, and distribute.

Senator Choquette: But not "give."

Senator Asselin: Not "give."

[Translation]

The word "give", the verb "give", was kept in Bill S-19. As I said earlier, the definition in Bill S-19 of the term "traffic" is the same as in the Narcotic Control Act, which says "to manufacture, sell, give", whereas the definition of the term "traffic" in the Food and Drugs Act, which I just mentioned, does not have that meaning.

I therefore say we were inconsistent with respect to the basic principles of this bill. Maybe I am repeating myself when I say that since the Narcotic Control Act was unduly severe, we were going to transfer that provision of the bill into the Food and Drugs Act. But as far as the definition is concerned, the same strict definition contained in the Narcotic Control Act is retained.

Now, honourable senators, I think I would have readily accepted to have the very same definition of the word "traffic" in Bill S-19 as in the Food and Drugs Act. I would have been entirely in favour of that definition, and then I would have said that the committee and the Senate were consistent with respect to the basic principles we mentioned when that bill was introduced. But since no such correction was made and I find that if we keep the word "give" in the definition of traffic, we shall cause unjustifiable prejudice to those who might be caught passing a joint to someone else. That is not selling because, in my legal mind, when you are trafficking, it is for trade purposes, it is to make profits. And if you look at the definition in Bill S-19, it says "give". What does "give" mean? That means that any of our sons one night could go to a party where marijuana cigarettes are circulating. Police may rush in and catch them and then they will be charged with trafficking as that is the definition contained in Bill S-19. When handing cigarettes to each other, those people were not trafficking. They did not trade. They did not make profits. I would say that that could cause very serious damages, especially if the police officer happens to feel overzealous that night and uses the law for blackmailing.

Honourable senators, I will give you an example. Let us say that the son of a company chairman, or of a senator, a member of Parliament or a minister—Senator Lamontagne is looking at me—should hand or "give" a cigarette to someone and be caught by the police. Under the definition contained in Bill S-19, he has "given" a cigarette and instead of being charged with simple possession, if the officer is overzealous and wants to blackmail, he could charge him with trafficking under Bill S-19. We know then all the consequences. We say it will not happen. Or you are driving on a highway at 65 miles an hour, where the speed limit is 60. An officer sees you driving at 65 and he ignores you. But, another one will say: "I take my job seriously; I intend to do my duty, I look for promotions. And this is an interesting catch, a senator, a member of Parliament or a company president speeding at 65 miles an hour, when he should be going 60." So, he gives you a ticket.

Then, I think that the word "give" is not appropriate in this legislation. Therefore, at the report stage, I would like to introduce an amendment. I have been told that, when you introduce such amendments at the report stage, you need to move an amendment to return the bill to the appropriate committee for consideration. Others will say

[Senator Asselin.]

that an amendment may be moved on second reading, that is to say at the report stage without sending it back to the committee. I asked some experts to study the situation, and I have here a list of authorities which permit me to put forward a motion of amendment to amend a report presented to the Senate. I will not quote all these authorities, as this issue is not questioned. This point was questioned at one time because a point of order had been raised, as I said earlier, in May of this year, and the Chair did make a ruling, I think, to clear up the situation. I would like to recall some precedents which, in the course of the history of the Senate, occurred and where we have been allowed to amend a report from the committee when it was presented to the house. Senator Lamontagne is nodding. Then, if everyone is in agreement, I will not bother with the precedents I was provided with, but I believe Senator Lamontagne is right, and so is Senator McIlraith.

In May 1975 Senator Lamontagne did present an amendment to a report.

Senator Lamontagne: Not necessarily as authorities?

Senator Asselin: No, not necessarily as authorities, but when you introduced your motion for amending the report—

Senator Flynn: Only when needed.

Senator Asselin: Yes, only when needed, at the report stage, there were amendments, and I remember that Senator McIlraith also introduced an amendment when the Senate Committee on Agriculture submitted their report. The schedule to one of our rules was invoked to confirm that it was not acceptable at this stage, and that the report had to be referred back to the committee. Following the arguments put forward by Senator McIlraith and also by Senator Grosart, Madam Chairman ruled that at the report stage a motion for amendment could be introduced. So, if all my colleagues opposite—

Senator Flynn: There is no point of order.

Senator Asselin: If all my colleagues opposite are in agreement, I will now move the motion which I have drafted and which reads as follows, in English and in French:

● (2100)

[English]

MOTION IN AMENDMENT

Senator Asselin: I move, seconded by Senator Choquette, that the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-19 be amended to include the following:

9. Page 4, line 22: Strike out the word "give".

[Translation]

I just moved, seconded by Senator Choquette, that the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-19 be amended to include the following:

9. Page 4, line 22, strike out the words "to give".

But, before concluding, if my honourable friends opposite are reluctant to vote for the amendment, I must say that I would agree that the definitions I gave earlier of the words "traffic" and "sell" under the Food and Drugs Act

be replaced by the definition of traffic as provided for in Bill S-19. I am ready to withdraw my amendment, but, up to now, I officially move this amendment. I hope I have given sufficient reasons to show the consequences of keeping in the definition of traffic the words "to give". I hope that my colleagues will review seriously this matter and that when we vote, we shall vote to protect today's society and youth from the increasing problems they are facing, as well as the serious crises this definition can involve if we keep the words "to give".

Senator McIlraith: Would the honourable senator permit a question? I wish to deal with the first point raised in his argument tonight, where he was dealing with the onus of proof after there has been a finding by the court that the accused was in possession of cannabis. I may have misunderstood because I was listening to the English interpretation while the honourable senator was speaking in French, but I understood him to argue that it was up to the Crown to prove the accused guilty, and that the accused was presumed to be innocent until proven guilty—which, of course, is fairly elementary.

Would the honourable senator not agree, however, that the clause he was dealing with respecting the shifting of the onus, would have no effect until after the court had made a finding that the accused was in possession and, therefore, guilty of an offence? The only question that would then remain would be as to which offence—that is, whether it is the offence of possession, or the offence of possession for the purpose of trafficking—so that his argument that the person is presumed to be innocent until proven guilty would not apply.

Would the honourable senator not agree that the shifting of the onus only comes after a finding by the court that the accused is in possession?

Senator Flynn: It is a question of argument.

Senator Asselin: I have not understood at all the way in which Senator McIlraith has explained my viewpoint on this question. If somebody is caught in possession of marihuana, he has to prove before the court that he was

not in possession of the marihuana for the purpose of trafficking. The onus is on him to prove before the court that he did not obtain possession of the marihuana for the purpose of trafficking, but simply for his own use. This is what I understood.

When we heard the testimony before the committee of various people, especially those from the Bar Association of Quebec and the Canadian Bar Association, I think Senator McIlraith will recall that those organizations were against placing the onus on the accused to prove that he did not have possession of this material—hashish or marihuana—for the purpose of trafficking. They said that this is contrary to the basic principles of our criminal law. An accused is innocent as long as the Crown has not proven him guilty. That is the main point that I tried to make tonight. I hope honourable senators understood me.

I said that the onus is on the accused to prove his innocence—

Senator McIlraith: Not to prove his innocence—

Senator Asselin: —or rather, to prove that it was not for the purpose of trafficking. However, the result is the same. If he is accused of having simple possession he has to prove that he did not have this material in his possession for trafficking. This is the onus that is put on the accused, and the Crown has to prove that he is guilty. This is the reverse onus.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Côtte, that this report be now adopted.

In amendment, it is moved by the Honourable Senator Asselin, P.C., seconded by the Honourable Senator Choquette, that this report be not now adopted but that it be amended by adding thereto the following amendment:

9. Page 4, line 22: Strike out the word "give".

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

On motion of Senator Manning, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 4, 1975

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of operations under the Fisheries Development Act for the fiscal year ended March 31, 1974, pursuant to section 10 of the said Act, Chapter F-21, R.S.C., 1970.

Copies of Final Communiqué issued following the Heads of State and Government meeting of the North Atlantic Council held at Brussels, May 29 and 30, 1975.

THE ECONOMY

NOTICE OF INQUIRY

Senator Lamontagne: Honourable senators, I give notice that on Tuesday next, June 10, 1975, I will call the attention of the Senate to the state of the Canadian economy. I wonder if I could be allowed to explain briefly why I am giving this notice?

Hon. Senators: Agreed.

Senator Grosart: Are you going to move over to this side?

Senator Lamontagne: In drawing the attention of the chamber to the state of the Canadian economy, my intention is to present my own assessment of this situation, together with some other background information, and to indicate what should be, in my view, the general orientation of monetary and fiscal policies during the fiscal year 1975-76. In other words, I hope to launch a pre-budget debate.

The Senate does not have a formal debate on the budget speech. I do not regret this because I have noted over the years that such a debate in the other place was rather sterile and too partisan. I believe, however, that honourable senators should have the same privilege as many private groups to present their views and suggestions to the Minister of Finance before he finalizes his speech on the budget. On such important occasions, I feel that the Senate should become a place for sober first thought. In this way we could perhaps have some influence on the content of the budget itself and also provide a better framework for the debate which will follow its presentation in the other place. For these reasons I hope that many senators will participate in the discussion which I intend to initiate next Tuesday.

FLORIDA LAND DEALS

ALLEGED SWINDLE—INVOLVEMENT OF CANADIANS—QUESTION

Senator Desruisseaux: Honourable senators, recently we read in our newspapers of what may be the largest land swindle in the history of the United States, involving 30,000 to 80,000 people and up to \$1 billion in lost investments.

● (1410)

I should like to ask the Leader of the Government in the Senate if it is known whether Canadians have been victimized in this swindle. If so, what is their number and what are the amounts of money involved?

Senator Perrault: Honourable senators, certain press reports have indicated that some Canadians have been victimized by this alleged swindle. However, I will take the question as notice, because it may be difficult to ascertain any details relating to the alleged fraud, or whether in fact a fraud has been perpetrated in part through Canadian channels. I shall obtain whatever information is available.

VISITORS TO PARLIAMENT

ABATEMENT OF NOISE IN PRECINCTS—QUESTION

Senator Heath: Honourable senators, I should like to ask the Leader of the Government if anything can be done to reduce the noise caused by visitors to our Parliament Buildings. As you know, this is a time when many students come to see the Parliament Buildings and listen to the heartbeat of Canada. Naturally, this is a terribly exciting thing for them to do and we are happy that they come here; but perhaps before they begin their tour of the buildings they could be instructed that because this is a place where the "great legislators do their deep thinking," they must move quietly and respectfully. I am sure that would have the effect of making their visit an even more dramatic experience for them and it would certainly help us accomplish our work. Even with closed doors it is sometimes hard to hear oneself think under present conditions. Can anything be done about this situation?

Senator Perrault: I am sure the honourable senator's question will be given careful consideration by all honourable senators.

RESTAURANT OF PARLIAMENT

SOURCE OF MEAT SUPPLIES—QUESTION ANSWERED

Senator Perrault: Honourable senators, in answer to the question posed by Senator Walker yesterday, I have made inquiries regarding the source of meat for the Restaurant of Parliament.

I am pleased to give the house the following information: The administration of the restaurant purchases all meat from well-known and respected companies. The list is as follows: Canada Packers, Burns Foods, Schneiders Ltd. and Lester's Foods Ltd. I am informed that the latter company, Lester's Foods Ltd., supplies weiners, smoked meats, corned beef and ox tongue to the restaurant, while the first three companies listed supply other meats.

Resources of the Department of Agriculture, I have been informed, are used to make sure that all meat purchased is of the finest quality. Further protection is provided by virtue of the fact that three qualified butchers are employed by the Parliamentary Restaurant and only federal government approved meat is ever bought and used there.

Senator Walker: That explains why it is par excellence.

Senator Perrault: I think honourable senators will agree that we are well served by the Parliamentary Restaurant.

Hon. Senators: Hear, hear!

IMMIGRATION

PRESENCE IN CANADA OF XAVIERA HOLLANDER AND GERDA MUNSINGER—QUESTION ANSWERED

Senator Perrault: Honourable senators, last night Senator Molson asked me a question about two ladies who are alleged to be in Canada at the present time.

With respect to Xaviera Hollander, let me give the following brief outline: The federal Department of Manpower and Immigration designated Miss Hollander a person in the "prohibited" category, and an order for deportation was made. Miss Hollander appealed this designation and deportation order and the case was heard. It is now awaiting a judgment of the Supreme Court of Canada. That being so, it would not be appropriate for me to comment further at this time.

Senator Flynn: Can the honourable senator indicate the ground of appeal?

Senator Perrault: I am not in a position to state what the basis is of Miss Hollander's appeal for a reversal of the departmental order.

Senator Molson: No underlying information?

Senator Perrault: With regard to Gerda Munsinger, my information is that she is in Canada as a person in the "tourist" category, and is subject to the same rules and regulations that apply to all other tourists while they are in Canada.

Senator Asselin: She is no longer a security risk.

Senator Walker: She never was.

Senator Manning: Could I ask a supplementary question of the Honourable Leader of the Government? Could he tell us how much, if any, of the taxpayers' money is being used by the CBC to provide a national forum for these two characters while they are in Canada?

Senator Perrault: I will have to take that question as notice, of course, and I shall endeavour to obtain from the corporation the figures that the senator has requested.

Senator Flynn: That is a very good question. It all depends upon whether you have to pay for that kind of entertainment or not.

PETROLEUM ADMINISTRATION BILL

MOTION IN AMENDMENT ADOPTED—THIRD READING

Senator Petten moved third reading of Bill C-32, to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade, as amended.

Senator Macnaughton: Honourable senators, with the consent of the house I have a short technical amendment which I would like to move at this time.

In amendment, I move, seconded by the Honourable Senator Greene, P.C., that the bill be not now read the third time, as amended, but that it be further amended as follows:

Page 2: Strike out lines 25 and 26 in the French version and substitute therefor the following: "ou pour utilisation comme combustible de soute ou d'aéronef à"

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Petten, seconded by the Honourable Senator McDonald, that this bill, as amended, be now read a third time.

In amendment, it is moved by the Honourable Senator Macnaughton, P.C., seconded by the Honourable Senator Greene, P.C., that the bill be not now read the third time, as amended, but that it be further amended, as follows:

Page 2: Strike out lines 25 and 26 in the French version and substitute therefor the following:

"ou pour utilisation comme combustible de soute ou d'aéronef à"

It is your pleasure, honourable senators, to adopt the motion in amendment?

Senator Macnaughton: Honourable senators, the Department of Justice simply forgot to amend the French version to correspond with the English, and this is purely a technical amendment to tidy up the bill.

Senator Flynn: I am very glad to hear that the Department of Justice admits it can make errors. This is the first time I have noticed such an admission. It has never been the case in committee.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion in amendment?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, shall the main motion, as amended, carry?

Hon. Senators: Agreed.

Motion agreed to and bill, as amended, read the third time and passed.

**FOOD AND DRUGS ACT
NARCOTIC CONTROL ACT
CRIMINAL CODE**

BILL TO AMEND—CONSIDERATION OF REPORT OF
COMMITTEE—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion, in amendment, of Senator Asselin, to the motion of Senator Goldenberg, for the adoption of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-19, to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code.

Hon. Ernest C. Manning: Honourable senators, when the house rose last evening, Senator Asselin had just proposed an amendment to the report of the Standing Senate Committee on Legal and Constitutional Affairs, proposing a further amendment to Bill S-19.

● (1420)

When Bill S-19 was originally introduced, concern was expressed in this chamber, and among various segments of the public across Canada, as to the purpose and the wisdom of what the bill proposed. The bill, of course, had two main features, the transferring of control of cannabis from the Narcotic Control Act to the Food and Drugs Act, and it also provided a modification of the penalties relating to possession of and trafficking in cannabis.

I was one who expressed concern at that time, but together with other senators felt it was a desirable thing that a bill dealing with a subject of this kind should be studied in detail by the appropriate committee of the Senate. It was my hope that the evidence produced before that committee would underscore in the minds of all the growing seriousness of the drug subculture and lead to more stringent efforts to reduce the damage which is being done, particularly to so many of the young people of our country. I regret that the committee's recommendations seem rather to tend in the opposite direction. We are all aware that the public, rightly or wrongly, interpreted this legislation as a lessening of concern as to the seriousness of possessing or trafficking in soft drugs such as cannabis.

The committee's recommendations, I am afraid, will be interpreted as a confirmation of that impression. I realize that the committee—

Senator Flynn: Honourable senators, I rise on a point of order. I regret to interrupt Senator Manning, but the question before the Senate is the amendment. Although I agree that one can relate to that amendment some of the comments that we have heard, I think it would be more appropriate to discuss the problem of voting for or against the amendment. The amendment will merely have the effect of further amending the bill by taking away the word "give" from the definition of trafficking. I think we would want the Senate to discuss this very restricted point, and to vote on it. If we want to revert to the whole report, that would be all right at a later stage, but at this time it seems to me that Senator Manning is really discussing the report as a whole and not the amendment made by Senator Asselin. I know we very seldom experience problems with permitting a senator to deal with both matters, but I think in the present case it would be more in the interest of the Senate as a whole for each speaker to

deal with the amendment only and then later, if necessary, revert to the subject matter of the report.

Senator Croll: Honourable senators, I submit that it is not really possible to deal with the amendment only, which in fact relates to one portion of the bill. It may well be that Senator Manning will wish to deal with the amendment finally, so I suggest that he should be allowed to give us the background since it may be necessary for him to discuss the whole bill in order to do so. The amendment is a narrow and restricted one, but is very important in that it has to do with penalties. But until such time as Senator Manning reaches this particular point, I think he must be permitted to discuss the report as is.

Senator Flynn: If Senator Manning says that is what he intends to do, that is all right. However, I doubt it very much and I know that if Senator Manning is allowed to speak of the other amendments to the bill or to the substance, as he has been doing, it will be impossible to restrict someone such as Senator Croll and keep him from being irrelevant, as he so often is.

Senator Neiman: Honourable senators, I would support Senator Croll's position for the reason that I think we are really discussing the entire substance of the bill. I am very interested in the amendment proposed by Senator Asselin. If honourable senators can appreciate all that we are endeavouring to do by means of the report itself, it might be helpful to all when we decide on this one amendment proposed by Senator Asselin.

Senator Laird: Honourable senators, would it not be reasonable to ask Senator Manning if he intends to confine himself largely to the amendment proposed by Senator Asselin? Otherwise, I must take the same position as the Leader of the Opposition, that this is not a discussion of the report as a whole but of the amendment proposed by Senator Asselin.

Senator Manning: Speaking to the point of order, if I had been permitted to continue you would long since have found the connection between what I am saying and the amendment before the house. The reason I was discussing the broader context is that this amendment deals with the section having to do with the penalty for trafficking. It makes a further amendment to a clause on which a recommendation for amendment has already been made in the report of the committee, and I find it extremely difficult to divorce one from the other.

I will be guided by your ruling, Madam Speaker.

Senator Flynn: No, I withdraw my point of order in view of the assurance given by Senator Manning. That is all I wanted, a warning signal. I am quite sure that is what Senator Croll also wanted.

Senator Croll: That is correct.

Senator Manning: Honourable senators, I had stated that the public would infer from the report and the recommended amendments by the committee—and the same applies to the amendment proposed by Senator Asselin—that this whole matter of soft drugs is really not as serious as a great many in this country tended to believe. I was pointing out that the committee will undoubtedly argue that that conclusion is not just justified and they would

point to the fact that the maximum penalty for trafficking has been made more severe in the recommendations contained in their report than that contained in the original bill. In fact, the penalty for trafficking has been increased from 10 years to 14 years. However, in considering this matter the comparison really should not be made between the amendment which is now before us and the original bill or the amendments recommended by the committee. Rather the comparison should be made between the provisions of the law which presently apply and these proposed amendments. Under the Narcotic Control Act the penalty for trafficking can be life imprisonment. So, when we talk of an amendment increasing the penalty from 10 years to 14 years less one day, let us not lose sight of the fact that as compared to the existing situation we have actually reduced the penalty from life imprisonment to a term of imprisonment of 14 years less one day.

The amendment proposed by Senator Asselin further circumscribes the penalty for trafficking by removing from the definition of trafficking the word "give." I submit that the word "give" was placed in the statute in the first place for a very valid and, it seems to me, obvious reason. If trafficking in any drug is to be limited to cases in which the drug is sold for commercial gain, then a trafficker supplying a controlled drug to another person would have an easy out if charged by claiming that he was not selling the drug but simply giving some of the drug to a friend. Later, he could very easily collect whatever he intended to charge by the threat of cutting off supplies or by intimidation, blackmail, or any other method which the criminal element is quite prepared to use.

● (1430)

The question of whether a man gave or charged for a drug in a case of trafficking, or if the incident was a minor matter such as that mentioned last evening where one person might give a marihuana cigarette to another, is something which surely should be left for the court to decide. But to eliminate the word "give" from the definition of trafficking would, I suggest, provide a dangerous loophole for the criminal element and would further tie the hands of law enforcement officers whom we hold responsible for stamping out trafficking. For this reason I cannot support the amendment proposed by Senator Asselin. Frankly I feel the same about reducing the maximum penalty for trafficking.

I believe that most honourable senators and the public agree that trafficking in any form of controlled drug is very serious. In a sense it amounts to an indirect form of manslaughter, for certainly many lives have been destroyed by drugs, leading to suicide, or to the complete destruction of the mind and body.

At present we hear a great clamour for the control of guns. I suggest that drugs are far more dangerous to young people and to society as a whole than guns have ever been, and if it is fitting and proper that we control a weapon which may be used for manslaughter or murder, surely it is equally our responsibility to impose the most stringent controls on a traffic which we know from experience results in the loss of many lives, including the lives of a great many young people who may still be living but whose minds have been blown and whose prospects for meaningful life have become very dim. For this reason I

submit that the provision of life imprisonment is not too severe a penalty for anyone convicted of trafficking in any of these drugs.

In connection with clause 50(2), there is a recommendation which removes the minimum penalty of three years in the case of conviction for importing or exporting cannabis. Surely if there is an argument for removing the three-year minimum penalty—

Senator Flynn: Honourable senators, I rise on a point of order. It is quite obvious that Senator Manning, despite his assurance, is now discussing other provisions in the report. I would have no objection, except that we are likely to confuse the questions before the Senate. The question now before the Senate is the amendment moved by Senator Asselin, which has no relation to the penalty provided for trafficking. Senator Manning has expressed the view that we should retain life imprisonment for this offence, but that has nothing to do with the amendment moved by Senator Asselin concerning the definition of trafficking. Senator Manning is now dealing with another matter not related to this question. It may be convenient for him to speak at this time on other problems raised in the report, but it may not be as convenient for the rest of us.

Senator McIlraith: Honourable senators, speaking to the point of order, the purport of the amendment of Senator Asselin is to remove the word "give" from the definition.

Senator Flynn: Yes, that is so.

Senator McIlraith: The thrust of the amendment removing the provision for a minimum penalty is to enable the judges, in dealing with cases of young persons charged only with giving someone a cigarette—

Senator Asselin: Are you speaking to the point of order?

Senator McIlraith: I am addressing myself squarely to the point of order raised.

Senator Flynn: "Squarely" may be a bit exaggerated.

Senator McIlraith: Well, whatever opinion my honourable friend has of my argument, or what I have to say, I would remind him that I listened respectfully to what he said and, I hope, considered it responsibly. Whether I am right or wrong, I wish to put forward my opinion respecting the point of order he raised, and I believe I have that right.

Senator Flynn: Sure.

Senator McIlraith: The point is that the thrust of the amendment is to remove the word "give" from the definition. One of the reasons given for the removal of the minimum penalty provision—that is, the three-year minimum penalty—was that there would be, or could be, cases before the courts involving some young person who has simply given a cigarette, or a joint, as it is called, to a friend, and the minimum penalty of three years would be too harsh in such cases.

It is impossible to discuss separately the removal of the minimum penalty and the removal of the word "give," because the removal of the minimum penalty is to cover, among other things, cases of where a young person simply gives a cigarette, and it is nothing more than a "giving" in

the ordinary sense of the word. The two are inextricably linked, and there is no way, to my mind, that one subject can be discussed without raising the other. The two points are in conjunction with each other.

Senator Flynn: The argument being put forward by Senator McIlraith was put forward by Senator Manning before he discussed the question of retaining the sentence of life imprisonment for trafficking. It was clear from Senator Manning's remarks that he was not relating this to his contention that we should not have lowered the maximum penalty, but should have retained the penalty of life imprisonment as provided presently under the Criminal Code. He did not relate that to Senator Asselin's motion in amendment. Senator Manning was addressing himself to the straight question of what kind of penalty should be imposed for trafficking—whether we define it as it is defined in the report of the committee, or whether we define it in accordance with the motion in amendment. Senator McIlraith knows that very well.

If it is the wish of the Senate to debate these two points simultaneously, so be it, but in the interests of an orderly discussion, it is my opinion that the amendment should be discussed separately.

Senator Croll: Honourable senators, I sat through about 90 per cent of the committee hearings, and I cannot conceive of any member of this house being able to vote on the amendment without that necessary background. The amendment must be viewed in light of why it is being proposed. The amendment is being proposed for a specific purpose, and can only be understood in light of that purpose. The amendment is proposed to deal with the minimum penalty in the bill for trafficking. It must be discussed in that light, following which, in due course, it will be voted on, and we will have covered the whole subject.

Senator Flynn: That's it!

Senator Croll: Well, we will understand it.

Senator Manning: Honourable senators, prior to coming to this chamber I was accustomed to a legislative procedure where a very strict line was drawn between debating an amendment, and debating a motion, or a motion in amendment. However, in the five years I have been in this chamber, I think this is the first occasion on which anyone has insisted on retaining those narrow confines for debate. I am quite prepared to speak to the specific amendment and then speak about the other points in the report of the committee.

● (1440)

Senator Flynn: If you cannot do it, why do it?

Senator Manning: That has not been the practice followed in this chamber. I think it makes for a great deal of repetition, which can be avoided when we are talking about subjects as closely interrelated as this amendment and the report of the committee. I am quite prepared to leave the other part until later in the debate. I assume the fact that I have spoken on the amendment will not deprive me of the privilege of speaking on the final motion.

I will conclude by making this one further observation, which does relate to the subject of the amendment. I have indicated the reason why I feel it is very unwise to remove

[Senator McIlraith.]

the word "give" is because it would give the criminal element a loophole of escape if they can claim that they were simply giving the drug instead of selling it, thereby making it more difficult for law enforcement officers to enforce whatever penalties are provided for those who are engaged in trafficking.

In weighing the seriousness of trafficking and what the penalties should be, it should be borne in mind that the danger of cannabis is not primarily in itself. It is a soft drug, not a hard drug. It cannot be compared in its damaging effects to hard drugs. But the danger is that for thousands of young people these soft drugs are the threshold, the door, to the drug subculture of our times, which certainly is one of the greatest menaces to young people today, and one of the worse blights on our modern permissive society. My claim is on the dangers of the use of cannabis trafficking in Canada, and the penalties that attach to trafficking must be viewed and assessed in that context. I would be opposed to eliminating the word "give" for the reason I have indicated, and for the same reason I am also opposed to the other amendments, which I will discuss later on when the bill as amended is before the house.

Senator Flynn: You can do it very well then.

Senator Laird: Honourable senators, this would appear to be an appropriate time to speak to the amendment moved by Senator Asselin. I am reserving my right to speak to the other points raised by Senator Manning when the main report is discussed.

In spite of the careful and scholarly way in which Senator Asselin presented his argument, I must honestly say I think it regrettable that his amendment, and the reasons therefor, have no consideration for the evidence that was heard by the committee. Believe me, the committee did not arrive at a decision to leave the word "give" in the definition of trafficking, without having heard a number of witnesses and thought about it very carefully.

I would remind honourable senators that the committee took four months in considering this matter. I have here the statistics. There was a total of 30 meetings—21 public meetings and nine *in camera* meetings. There was a total of 52 witnesses heard. They were of the highest possible calibre, and of all kinds and shades of opinion. They were not all hard-liners and not all soft-liners; they were of all shades of opinion. The committee also received a total of 60 briefs and submissions in writing. After all that work—I am speaking strictly to this one point—the committee decided to include the word "give" in the definition of trafficking.

Let me reduce to very plain terms our reasons for concluding that this word must stay in the definition. Everybody conjures up the thought that "give" connotes the giving of a "joint" to a friend, and it is said, "Ah, that is not trafficking." The great difficulty is that the giving may do two things. First, the giving may be a very deliberate act, intended to start the individual receiving this minor gift on the path of becoming an addict. Secondly, somebody who gives one, two, five or ten "joints" to another person may five minutes later, or the next day, collect a substantial sum from that person for having given him the "joints". You can see the potentialities open

to a lawyers defending a charge involving this definition if the word "give" is not present.

Also, please bear in mind—and the evidence was overwhelming in this respect—that under no circumstances, in a case of one friend giving a "joint" or two to another, would there be a charge of trafficking laid; it would be a charge of mere possession. It sounds out of place to have "give" in the definition but, unfortunately, unless it is in there are no means of catching in the net those persons who give for an ulterior motive.

Believe me, we have to leave some discretion in the laying of charges with the prosecutors, who I am sure would be discreet under these circumstances, and would never lay a charge of trafficking for a mere handing of one or two cigarettes to a friend. Even supposing a prosecutor had the nerve to lay a charge of trafficking under those circumstances, can you think of any judge who would ever convict of trafficking? Of course not. He would convict of mere possession.

Honourable senators, in view of the discussion this afternoon, I felt I was left with no alternative but to make absolutely clear the amount of work done by the committee on this matter, the consideration given to it and the reasons for arriving at that conclusion.

Senator Hicks: If I understood the honourable senator correctly, he said that numerous assurances were given that under no circumstances would there be a prosecution in respect of the giving of one or two cigarettes by one friend to another.

Some Hon. Senators: No.

Senator Walker: He did not say that.

Senator Laird: I did not say "assurances."

Senator Hicks: I did not see how anyone could give such assurances, because we rely upon the discretion of prosecutors from St. John's, Newfoundland, to Victoria, British Columbia, who may have all sorts of different attitudes towards the laying of criminal charges.

Senator Choquette: He did not say that.

Senator Laird: You are quite right in saying that there may be different attitudes, but the evidence shows that this has not been done. I am sure the honourable senator has confidence in the integrity of the Bench, as I have, and knows that under no circumstances would there ever be a conviction for trafficking in a case of one friend simply handing a "joint" to another.

Senator Flynn: The court would have no choice.

Senator Neiman: Honourable senators, I think I should at this point speak to this amendment.

Senator Flynn: Why?

Senator Grosart: You have already spoken.

Senator Neiman: I, too, am a member of the committee that considered this matter in detail, and, with respect, I feel I have to dissociate myself to a certain extent from some of the statements just made by my good friend and colleague, Senator Laird.

This point was discussed in great detail, and was of some concern to us during the course of our deliberations, because of the definition that was used. As Senator Asse-

lin said, the definition now in Bill S-19 is taken from the Narcotic Control Act. It is there for a good reason, which we do not have to consider further today. The fact is that the control of cannabis is to come under the Food and Drugs Act, and that consideration should be foremost in our minds. In the Food and Drugs Act there is another definition of "trafficking", which is almost identical, in effect if not in wording, to that in the Narcotic Control Act, with the sole exception of this word "give."

● (1450)

Instead of adopting the definition of "trafficking" that is in the Food and Drugs Act, and is now applicable to both Parts III and IV of the Food and Drugs Act which cover restricted and controlled drugs, the drafters of Bill S-19 chose to import the definition from the Narcotic Control Act.

All Senator Asselin's amendment does, in effect, is delete this one word. As I say, we had many discussions about this during the course of our hearings and it was of some considerable concern to us—for the very reasons that Senator Laird has just enunciated. We were told that the police would not lay a charge of trafficking in instances of the giving of one or two cigarettes. They stated that to us categorically; they wanted to leave the word in there, but at the same time they said they would not use it. That appears to me to be a little inconsistent and ridiculous. If they are not going to use that definition, what is that word there for?

If I may give you this again, the definition in the Food and Drugs Act is:

"traffic" means to manufacture, sell, export from or import into Canada—

And I stop there to tell you that it is all-inclusive. In the Food and Drugs Act it includes importing and exporting, so that you do not need a separate section for those two so-called different offences. It goes on:

—transport or deliver, otherwise than under the authority of this Part or the regulations.

Section 2 of the Food and Drugs Act defines "sell" as follows:

"sell" includes sell, offer for sale, expose for sale, have in possession for sale and distribute.

I emphasize the words "have in possession."

Surely we have enough words in this definition to cover all the transactions that go on in the course of conveying marihuana or cannabis from one person to another. I am only saying that, to be consistent with the Food and Drugs Act, we should be using the same definition that is there in Parts III and IV for restricted and controlled drugs—many of which are far more dangerous, and are acknowledged to be, than cannabis, in spite of the serious reservations that all committee members have about cannabis. No member of that committee is prepared to say that this is not a dangerous drug. At the same time, we did realize that there are other drugs that are far more dangerous.

Perhaps I may be allowed to speak to another point. If you are worrying about the actual penalties that are imposed for trafficking, I have statistics here for 1974, which refer only to cannabis and to no other drugs, and they show that there were 29,067 convictions for all types

of cannabis offences, of which 27,202 were for simple possession. In other words, 94 per cent of the convictions for cannabis offences were for simple possession only, leaving somewhat under 2,000 convictions for all other offences, including possession for the purpose of trafficking, trafficking, importing and exporting and cultivating.

If you are concerned about the types of sentences that are proposed in this bill, then I point out that the harshest sentences have been reserved for importing and exporting. There were 24 convictions registered in that category alone—only 24. In fact, since the statistics have been kept—there have been only two sentences awarded in eight- to nine-year range, one in 1972 and one in 1974. Those are the highest sentences which have been awarded for that offence, which is considered the most serious of all offences involving cannabis. The vast majority of the penalties were in the seven- to eight-year range. In fact, there was only one other conviction that drew a sentence in the one- to three-year range, and that was in 1973. It seems there is an almost uniform type of penalty that is awarded by our judges from coast to coast in Canada for this offence, which is considered the most serious aspect of trafficking, and that is from seven to eight years.

In fact, what the committee was trying to do was be a little realistic. The Narcotic Control Act at present allows a penalty of life imprisonment for this type of offence. The bill had proposed that it be reduced. In view of the fact that, even in our amendment today, we are recommending a penalty of 14 years less a day, we are still recommending a sentence that is far in excess of what any judge has ever awarded in Canada and probably ever will.

Honourable senators, I strongly urge you not to think that we are in any way trying to encourage the use of cannabis. We all consider cannabis to have a great potential for harm although, based on the evidence that I have heard, I simply cannot use that broad generic word "drugs" and say that all drugs are dangerous, all drugs lead to addiction. The evidence we heard was that cannabis is not addictive, although it has a great potential for harm—one that we may not even realize. But it cannot simply be thrown into the larger clause with other drugs such as speed, MBA, herion, opium and some of the other drugs that we know beyond doubt to be extremely dangerous.

Therefore, what I am saying is that on this point alone the committee was trying to be realistic. We were persuaded by the law enforcement officers—at least, some of the committee members were—that it was preferable to leave this word "give" in. I am saying that it is simply inconsistent to leave it in. As Senator Laird says, they would not use it in the sense of trafficking. To my mind, it would make the act more uniform simply to adopt the definition that is now in the Food and Drugs Act as the one for all sections, including this new Part V that we are proposing.

I have no objection to Senator Asselin's amendment as it is. I simply suggest that to use the definition that is now in the Food and Drugs Act would make all parts more consistent and more uniform, and I see no danger in adopting that viewpoint. I may say that this was a strongly argued point in committee, and there were several members of that committee who would have preferred to remove the word "give" simply for the sake of uniformity,

[Senator Neiman.]

and because of the fact that it is not used in laying trafficking charges. I thought that should be brought to your attention. I would support Senator Asselin's amendment, with the reservation, as I said, that I prefer the definition that is now in the Food and Drugs Act.

● (1500)

Senator Croll: Honourable senators, in the circumstances there are a few of us who also would have supported Senator Asselin's amendment—myself included—having regard to what he said and what has since been said. The fact is, however, that after we removed the minimum sentence the Department of Justice—and in this case Justice was right, not wrong, I want Senator Flynn to know—advised us that such an amendment would be dangerous. In my opinion, Justice made a good case, and had good reasons for making that case. In other words, while many of us were of the view held by Senator Asselin at the present time, we were nevertheless influenced by the Department of Justice which, with its great experience, asked us to be cautious and careful.

Senator Choquette: What experience have they in the Department of Justice? I hate to hear that said. Most of them have never practised for even one day in their lives. They are formulating theories all the time, but they don't know what they are talking about most of the time.

Senator Croll: Of course they do.

Senator Choquette: Oh, come on!

Senator Croll: When they appeared before us they knew what they were talking about. They had been in contact with the crown attorneys in various parts of the country, and seemed to be quite knowledgeable. At least, that was my view.

Senator Choquette: With all due respect to my friend, I can assure him—and he knows that I am telling the truth—that if the people in the Department of Justice ever had to take one of those cases they would hire an experienced lawyer from Toronto or Ottawa to handle it. They would not even know where the court is, or when to stand up or sit down.

Senator Croll: You may be quite right in the sense that they would not be able to defend a case but, nevertheless, they have knowledge of a great number of cases, and they have dealt with many crown attorneys. They made so impressive a presentation that some of us on the committee thought we ought to let the matter come forward in the way it finally did, although originally we were of the same view as Senator Asselin.

So far as I am concerned at the present time, I will let the matter stand. I believe Senator McIlraith has something to say on the point.

Senator Heath: Honourable senators, if having one extra word in the bill is a case of overkill, then I am all in favour of leaving that extra word in.

I want to tell you something I saw with my own eyes seven or eight years ago. I still recall it with horror. A young man aged about 21, I would say, was surrounded by a group of 12- and 13-year-old children who had come out of a certain junior high school. The young man was handing these children "reefers"—the marijuana joint type of thing. He was not being paid for these at all. But you can

understand full well what would develop from that. Those youngsters would come back looking for him, like other children in other times gathering around the ice cream salesman.

With what are you going to charge a person like that 21-year-old who was seducing those youngsters into that type of activity? It is so difficult to nail that type of person in the first place. If you remove the word "give", what will you charge such a person with in future?

Let me add one further point. There are some countries, and Greece is one, in which persons convicted of involving a minor—that is, a person 18 years and under—in the use of narcotics, cannabis included, are given life imprisonment and a stiff fine as well.

I say keep the word "give" in the definition, and keep in anything else if it will help us nail these people.

Some Hon. Senators: Hear, hear.

Senator McIlraith: Honourable senators, I want to speak directly to the amendment. Before doing so, however, I will give other senators the opportunity of participating in the debate now, because I propose to move the adjournment of the debate after making a few remarks.

Senator Flynn: I would rather follow you.

Senator McDonald: Honourable senators, it had not been my intention to take part in this debate, but in view of the proposed amendment I feel I should.

I cannot speak as a member of the committee that studied Bill S-19, because it is not my privilege to serve on that committee. I can, however, speak with some authority as a father and a grandfather.

I cannot follow Senator Neiman's argument. If for the sake of uniformity, which she seems to think is all important, we are going to remove what in my view is one of the most significant words in the bill in terms of the distribution of narcotics, including marihuana—

Senator Flynn: The word "distribution" is in the definition.

Senator McDonald: If you will hear me out, I think you will not have an argument with regard to the word "give." I was saying that if you remove the word "give," you then remove the one word which makes it illegal for those people who push or distribute drugs, including marihuana, to advertise and sell their products.

The sellers of all products distributed in the western world use advertising of one kind or another. Most products are sold by means of advertising on radio and television, or in the newspapers and periodicals. But some products are sold on the basis of free samples used as advertising. For example, it is not unusual for the drug companies to distribute samples of drugs to doctors, dentists and hospitals for the purpose of advertising them and getting people to use those particular drugs for medical purposes.

In the case of narcotics, including marihuana, to my knowledge the only advertising available to the pusher is the give-away or free sample kind. I cannot speak from knowledge of the evidence given to the committee since, I repeat, I am not a member of that committee, but I do know that the chief form of advertising used by the

distributors of drugs, including marihuana, is the give-away method, which involves the use of stooges placed in our high schools across this country whose sole purpose in life is to give joints to as many children as possible in those schools, knowing full well that, while giving one joint away may not gain a convert, giving many joints away is bound to gain some customers.

Senator Flynn: In which case you "distribute."

Senator McDonald: You give.

Senator Flynn: You distribute.

Senator McDonald: I am not a lawyer—

Senator Flynn: That is obvious.

Senator McDonald: —but I am not prepared to accept from a lawyer in this house or anywhere else that there is any other word than "give" which will describe—

Senator Flynn: Distribute.

Senator McDonald: —properly the procedure I have mentioned.

Senator Flynn: Distribute.

Senator McDonald: You can argue all you like and, if you want to take part in the debate, that is fine with me. But at the moment I want to say what I believe.

Senator Flynn: And I am just trying to keep you on the track.

Senator McDonald: I say, and I repeat, that if you remove the word "give" you then open up the field and you allow young individuals, in many cases aged 13 and 14 years, to become the advertising agencies for this drug.

We have been told that there is no evidence that marihuana is as dangerous as some other drugs. Perhaps it is not. I do not know. I have never been given evidence to tell me how dangerous marihuana is. But I do know from personal experience, personal association, that no young person ever smoked marihuana for any length of time without being medically affected by it. I am confident that anybody who has associated with young people who use this drug has come to the same conclusion that I have, and that is that it is a dangerous drug, that has a devastating effect on young people who use it over any extended period of time. I am, therefore, one of those who cannot support the amendment proposed by Senator Asselin, despite the fact that he put forward a good argument. From personal experience, however, and personal knowledge, I would never support the removal of the word "give" from this definition in the bill.

● (1510)

Senator Bonnell: Honourable senators, I rise to speak to the amendment, but only to show that for many reasons I cannot support it.

I was rather surprised to hear my good friend Senator Neiman support the amendment, because it is not too many weeks ago that she stood in this chamber and made the original motion to put in the particular word in question. Now she is supporting an amendment that would take it out.

Senator Flynn: It was never before this house.

Senator Bonnell: The bill came before the house on second reading, and I think it contained the word "give." The bill was sponsored by Senator Neiman.

Senator Flynn: That does not mean she was supporting every word of it.

Senator Bonnell: I do not see why she introduced it, then. Why did she not get someone else to sponsor it?

One of the reasons why I think that we, as the Senate of Canada, cannot approve this amendment is that right now across this country many people think we have gone soft on marihuana. If we take out the word "give," Canadians from coast to coast will get the impression that there is nothing wrong with the drug, and that it can be given away to anybody. Furthermore, the removal of the word "give" will mean that a person can give 50 pounds of hashish away, if he feels like it.

Senator Flynn: Oh, no.

Senator Bonnell: It can be given away, and there is no limitation on the quantity that can be given away.

Senator Flynn: Read the rest of the definition.

Senator Bonnell: The rest of the definition contains other words, but not the word "give."

Senator Flynn: It has the word "distribute."

Senator Bonnell: I know the word "distribute" is there, but I know the word "give" is there too. If I said I gave some hashish away, who could prove that I was distributing it?

I also contend that it is time we realized that this is a dangerous drug. We are only now starting to learn of its dangers to the human body. We should not, therefore, give the impression to Canadians that we have gone soft on this drug, and that it is all right to give it away.

I agree with Senator Heath, who gave an excellent example of what I mean. That is the way all young people get started today—somebody gives them a cigarette. They do not buy the first one in order to try it.

We have to show Canadian citizens that we are concerned about this drug, that we are concerned about its widespread use. For that reason I believe we must defeat this amendment, and adopt the report.

Senator Flynn: Defeat the bill, you mean.

Senator Bonnell: The amendment.

Senator Flynn: You mean defeat the whole bill.

Senator McIlraith: Honourable senators, I want to discuss the amendment to delete the word "give" from the definition of trafficking. In a few minutes I shall move the adjournment of the debate so that I can continue my remarks tomorrow—

Senator Asselin: But they will be relevant?

Senator McIlraith: Yes, I hope they will be relevant. I hope eventually to learn the Rules of the Senate better than some others appear to have learned them. However, I trust that when I am being relevant, I will not be interrupted, before I get to the thrust of my argument, by people who are trying, wrongly, to anticipate the content of the argument. The argument may be good or bad, but

[Senator Flynn.]

that is better determined after the argument is made, and not by preventing the speaker from making the argument.

Senator Flynn: I would only do that to an experienced parliamentarian; never to you.

Senator McIlraith: Good.

In any event, I want today to draw attention to one matter that I think can fairly be said was in the minds of all the members of the committee. Early in the evidence it became clear that the Narcotic Control Act deals mainly with material imported into Canada illegally by international smugglers, and distributed down from that channel, some of it being transported on to the United States from Montreal, whereas the Food and Drugs Act deals basically, with one or two exceptions, with products that are manufactured in Canada and are, in the main, perfectly legally in use in this country for medical purposes of one sort or another. In the latter act, what is illegal is not the use of the drug, or having it in one's possession—since these substances are in people's possession all over the country—but their use through other than appropriate medical channels, and other controls of that sort. There is, therefore, a wholly different concept in, and a very logical reason for, the slight difference in the language as between the two acts.

A very real difficulty arises, however—and I would be the first to admit it—in dealing with cannabis. Cannabis, while in the main, with one or two exceptions, coming into the country in the same fashion as heroin and other drugs of that type—through international criminals—is distributed at the local level with certain of the drugs that come under the Food and Drugs Act. Here we have the anomalous situation of being unable to liken it, in the techniques of its handling in this country, to the substances that fall under the Narcotic Control Act or the Food and Drugs Act. There is, therefore, a real problem there.

The committee, when it addressed itself to the point raised by Senator Asselin, had this in mind, and preferred to retain the definition used in the Narcotic Control Act, which includes the word "give," as distinct from using the definition in the Food and Drugs Act, which does not contain the word "give." The wording is slightly different, but I think I am fair and accurate when I state that that was the background and the basis on which the committee made its decision to leave the word "give" in.

I want to continue the argument, if I may, to show, I hope, the significance of the word "give" in its usage here, and also in its relationship with the removal of the minimum penalty which the committee recommended. The two are inextricably linked together, and with great deference I do not see how one can be totally detached from the other in discussion. However, I do want to pursue further the argument as to why I think the word "give" should be left in the definition. Accordingly, I move the adjournment of the debate.

Senator Choquette: I wonder if we can be assured that when we resume the debate tomorrow one important senator who should be here will be here, namely, the chairman of the committee. Do you know if he is going to be here tomorrow?

Senator Laird: Yes, I have just received a note from him.

Senator Choquette: I would think that is one good reason for adjourning this debate.

Senator Asselin: Did you adjourn the debate for that reason, Senator McIlraith? Did you adjourn it because Senator Goldenberg will be here tomorrow?

Senator McIlraith: No, I moved the adjournment because my argument, of necessity, must be very technical, and in further explanation of what I thought was the point made by the proposer of the amendment yesterday I want to have precise references to the appropriate sections.

On motion of Senator McIlraith, debate adjourned.

● (1520)

IMMIGRATION POLICY

FIRST REPORT OF SPECIAL JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the first report of the Special Joint Committee of the Senate and House of Commons on Immigration Policy, which was presented yesterday.

Senator Perrault moved that the report be adopted.

He said: Honourable senators, in moving the adoption of this report may I say by way of explanation that the number of citizens' groups in all parts of Canada interested in making submissions to the Special Joint Committee of the Senate and House of Commons on Immigration

Policy is much greater than was anticipated in the earlier estimates.

As some honourable senators are aware, last week I requested that I be made a member of this committee to replace Senator Fergusson, so that I might determine for myself the way in which the committee is operating, and the burden of work facing it. I have spent a week with the committee, and I can certainly state that this is one of the most heavily occupied committees in Parliament today.

The number of briefs and submissions presented, and the almost bewildering variety of opinions expressed, makes absolutely mandatory, in my view, the extension of the time limit for the presentation of this committee's report. That is the reason for this proposal.

Motion agreed to and report adopted.

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Leave having been given to revert to Notices of Motions:

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator McElman be substituted for that of the Honourable Senator Rowe on the list of senators serving on the Special Joint Committee on Immigration Policy; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 5, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Landers has been substituted for that of Mr. Guay (St. Boniface) on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

DOCUMENTS TABLED

Senator Perrault tabled:

Reports of the Postmaster General respecting Olympic coins for the periods April 1 to September 30, 1974, and October 1, 1974, to March 31, 1975, pursuant to sections 13(2) and 13(3) of the Olympic (1976) Act, Chapter 31, Statutes of Canada, 1973-74.

PRIVATE BILL

ALLIANCE SECURITY & INVESTIGATION, LTD.—FIRST READING

Senator Flynn presented Bill S-26, respecting Alliance Security & Investigation, Ltd.

Bill read first time.

Senator Flynn moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Honourable senators, the house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Senator Flynn: Explain.

Senator Petten: Honourable senators, the reason we are asking for permission is that the house may have an extra

long sitting this afternoon. As the committee plans to meet at four o'clock to hear the minister, we felt it necessary to request this permission.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, June 10, at 8 o'clock in the evening.

Honourable senators, I should like to outline briefly the work before us next week, dealing first with the committees.

● (1410)

On Tuesday there are four committee meetings scheduled: the Standing Senate Committee on Agriculture at 9.30 a.m., the Standing Senate Committee on Legal and Constitutional Affairs at 11.00 a.m., the Standing Senate Committee on Foreign Affairs at 3.00 p.m., to continue its study of Canadian relations with the United States, and the Special Joint Committee on Employer-Employee Relations in the Public Service at 8.00 p.m.

At 9.30 Wednesday morning the Standing Senate Committee on Banking, Trade and Commerce will meet, as will the Standing Senate Committee on Agriculture. The Standing Senate Committee on National Finance will sit at 3.30, as will the Standing Senate Committee on Transport and Communications. On Thursday at 9.30 a.m. the Standing Senate Committee on National Finance will again deal with the Manpower estimates, and the Standing Senate Committee on Agriculture will also meet at 9.30. The Standing Joint Committee on Regulations and other Statutory Instruments is scheduled to meet at 3.30 p.m.

In the Senate there are several items on the Order Paper to be dealt with and we can expect at least one bill from the other place.

Motion agreed to.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Greene be added to the list of senators serving on the Standing Senate Committee on Agriculture.

Senator Flynn: With the approval of the chairman?

Motion agreed to.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Thompson be substituted for that of the Honourable Senator McElman on the list of senators serving on the Special Joint Committee on Immigration Policy, as of Friday, June 6, 1975; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

COMBINES INVESTIGATION

NEW BRUNSWICK COURT OF APPEAL DECISION RE K. C. IRVING, LTD.—QUESTION

Senator Flynn: Honourable senators, in the absence of Senator McElman, perhaps I should ask the Leader of the Government what is the intention of the Department of Justice with regard to the judgment rendered by the Appeal Court of New Brunswick in connection with the K. C. Irving conviction under the Combines Investigation Act.

Senator Perrault: Honourable senators, I must take that question as notice, because thus far I have received only truncated news reports about the reported decision of the Appeal Court.

FOOD AND DRUGS ACT NARCOTIC CONTROL ACT CRIMINAL CODE

BILL TO AMEND—CONSIDERATION OF REPORT OF COMMITTEE—MOTION IN AMENDMENT NEGATIVED—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion, in amendment, of Senator Asselin, to the motion of Senator Goldenberg, for the adoption of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-19, to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code.

Senator McIlraith: Honourable senators, in continuing my remarks today on the amendment of the Honourable Senator Asselin to the report of the Standing Senate Committee on Legal and Constitutional Affairs, I shall try to be brief, and I hope I shall also be relevant.

Perhaps I should begin simply by indicating, in order to get the matter into the proper context, the way I see it in relation to the bill before us. This bill, which deals with cannabis, provides for four offences with which we are directly concerned in relation to Senator Asselin's amendment. The first one is the offence of being in possession of cannabis, clause 48.(1); the second is the offence of trafficking in cannabis as contained in clause 49.(1); the third is the offence of having in his possession cannabis for the purpose of trafficking as contained in clause 49.(2), and the fourth is the offence of importing or exporting cannabis to or from Canada as contained in section 50 of the act.

Sentences are set out, of course, in respect of each offence, and for our purposes the possession offence would be dealt with by a fine or a short term of imprisonment. Trafficking offences, importing or exporting, which are regarded much more seriously, would be dealt with, if the committee's report is adopted, by a maximum sentence of 14 years less one day. The significance of the "less one day" is, combined with the effect of removing a minimum penalty, to enable the judge in any case where a charge is laid under any of those four offences to give an absolute discharge—that new sentence that was enabled to be imposed by legislation during the last three or four years. If another part of the committee's report is adopted, it would enable that conditional or absolute discharge to carry with it the clear consequence that no criminal record shall flow from it. So, it will be seen that the whole purpose of the removal of the minimum and the changing of the maximum to make it less than 14 years is related to the change proposed by the honourable senator.

Now, coming more directly and immediately to the amendment proposed, it would be useful to read into the record the actual definition of trafficking in the bill itself. It is as follows:

"traffic" means

(a) to manufacture, sell, give, administer, transport, send, deliver or distribute, or

(b) to offer to do anything mentioned in paragraph (a),
otherwise than under the authority of this Part or the regulations.

That clause which is in our bill dealing with cannabis is taken directly from the Narcotic Control Act, and is to be distinguished from the definition of "trafficking" as used in the Food and Drugs Act. I should place that on record also. It is:

"traffic" means to manufacture, sell, export from or import into Canada, transport or deliver, otherwise than under the authority of this Part or the regulations.

It will be noted that while there is some difference in wording, the significant point insofar as the amendment is concerned is that it omits the verb "give." That is the significant point so far as we are concerned today. There are other differences in the wording, but they are not germane to our discussion today.

In considering the matter of the committee report which is sought to be amended, I think it is fair to state that all members of the committee were concerned with the fact that it was technically possible for a person to be charged with importing or exporting or trafficking or being in possession for the purpose of trafficking when—and this was the example given—some young person innocently or foolishly had a "joint" and gave it to another person.

• (1420)

In one of the penalty sections of the bill, three years was proposed as the minimum. That was struck out. Under another section there was no minimum penalty but, because of its wording, the possibility of raising the sentence to 14 years was proposed. The court would then not have the discretion to grant a conditional or unconditional discharge as it might wish. So, in considering that type of

case and as I listened to the argument of the senator in proposing his amendment, I took it that he was concerned with that element relating to persons charged with trafficking and not with the other element, the professional criminals, and so on. I believe all other senators shared that concern and we are on common ground up to that point. The committee chose to deal with it by making it possible for a judge, with respect to any of the offences I have mentioned, to deal with the accused as lightly as he wished, for the very purpose of protecting the foolish young person who might bring in a cigarette, or take one with him when leaving the country, or give it to a friend. The committee dealt with it in that manner.

Now the honourable senator is seeking to bring forward another remedy for the problem, notwithstanding the work of the committee through that part of its report and notwithstanding the attention the committee had given it and the solution they had found for the problem. In point of fact, it was given in evidence that virtually all the cases covered by the example were dealt with by a charge of possession rather than one of trafficking or being in possession for the purpose of trafficking. The evidence was that in virtually all cases that was the practice. That may not be a good enough answer, because not only theoretically but in point of fact it is possible for a student who foolishly gives a cigarette to someone else to be charged with trafficking. We knew that such a person would be adequately protected in view of the freedom of the sentencing court to deal with him as lightly as it wished, and we thought that the point had been adequately covered.

Allow me now to deal with the other type of person who could be charged with trafficking, being in possession for the purpose of trafficking, or importing or exporting. I refer to the professional drug trafficker. If we remove the word "give" from the definition of trafficking, as I have read it, we effectively enable those professional traffickers, the real traffickers who are dealing in big quantities, to escape the net leading to prosecution. The question is whether we should enable those persons to escape the net. As I evaluate the evidence before us, I do not recall anyone giving any evidence—nor do I recall any of my colleagues in committee suggesting it—that the professional trafficker dealing in large quantities for gain should be permitted to escape. It is fair to say there was a view of harshness towards them throughout—it was also common to all the witnesses—on the part of all members of the committee.

I respectfully suggest that the honourable senator's amendment, if carried, would enable such persons to escape. It would not have the practical effect of assisting a single solitary young student, because we have already provided the machinery for protecting the young, innocent student who foolishly passes a joint.

I wish to take a moment—I will try to be brief—to refer to a couple of leading cases. The honourable senator interjected on several occasions yesterday that the word "distribute", still left in the definition, would cover the word "give." That is not the case. If the honourable senator will refer to the judgment of the New Brunswick Supreme Court in the case of *Regina vs. Christiansen*, he will see that the word "distribute" denotes the plural operation—

[Senator McIlraith.]

more than one. It clearly denotes plurality of recipients. Apart from referring to that case, perhaps I need not say more.

Senator Flynn: You are not convincing, anyway.

Senator McIlraith: The case is there to be seen, if anyone wishes to see it. The citation is *Regina vs. Christiansen*, in the New Brunswick Supreme Court (Appeal Division), Criminal Reports, volume 23, page 229. I have a copy of the judgment here if any honourable senator wishes to see it.

The other case, which is really significant and helpful on the point, is that of *Her Majesty the Queen vs. Ernest John Rogalsky*, a decision of the Saskatchewan Court of Appeal. In that appeal the charges were that Rogalsky did unlawfully have in his possession for the purpose of trafficking a restricted drug, LSD, contrary to the Food and Drugs Act, and that he did unlawfully have in his possession for the purpose of trafficking a narcotic, namely, cannabis, contrary to the Narcotic Control Act.

The evidence seemed to be clear and was not in dispute. What the court had to decide was whether the accused's possession in each case was for the purpose of trafficking. That was the charge—for the purpose of trafficking. The accused stated that he had bought the drugs for his own use. There was no question about his being in possession of them. He said he had bought them for his own use. He further stated that he gave them, in accordance with the etiquette—that is the word used—of the drug milieu, to other persons. In any event, the word "give" was dealt with rather fully in that case, and also the word "deliver."

After dealing with the matter at some length, the court found the accused guilty of trafficking contrary to the Narcotic Control Act, because he had given some of the narcotic to a friend, and the word "give" was included in the definition of "traffic." It found him not guilty of trafficking on the LSD charge, where the evidence was the same—the two drugs were together, side by side—because it held that, the word "give" not being in the definition in the Food and Drugs Act, the other words did not cover the handing over of the drug to another person.

● (1430)

That judgment is squarely on the point. It is quite a lengthy judgment, and I have copies here which I will be glad to provide to anyone who might wish one.

Another interesting case on this point is that of *Regina vs. Jimmo*. Perhaps I need not elaborate on that. It is a Quebec case, reported at 16 Canadian Criminal Cases, Second Edition, at page 396. It, too, deals with the difference between the two acts.

In any event, the purport of those two cases is that "distribute" cannot apply in a case where there is only a transfer from one person to another.

Senator Flynn: That is the point I was trying to make.

Senator McIlraith: There has to be a multiplicity. If the word "give" were deleted from Bill S-19, as the motion in amendment proposes, it would be impossible to convict in a case where there was a transfer—taking it to absurdity—of a ton of hashish by one professional criminal to another individual. That is the conclusion that can be drawn from the cases I have cited.

That, I respectfully suggest, is absolutely unthinkable. As long as the transaction was a direct one between the person in possession of the substance and the person to whom it was given, assuming the word "give" were deleted, the court would have to find, based on the two judgments I have cited, that there was no distribution involved, and the accused would go free. I cannot contemplate such a proposition in law, or such a proposition coming from this honourable house.

I have not developed the other areas, such as the circumstances in which the accused can prove the substance was for his own use, the power in the court to hand down the minimum penalty, or the power which rests with the court, in the case of an individual who is charged with possession for the purpose of trafficking, to find him guilty of mere possession.

We are trying to protect the young person who may just give a cigarette, or a joint, to another person, as opposed to the professional drug trafficker or drug peddler. To delete the word "give" would not provide any more protection to our young people than is already available, but would provide a material defence, in a great many cases, for the real professional drug traffickers. For those individuals, it would be a bonanza. Indeed, the Crown's ability to prosecute traffickers would be almost nullified.

I would therefore urge that the motion in amendment be defeated.

Senator Flynn: Honourable senators, I am wondering whether the chairman of the committee has anything to say at this time. If so, I am willing to yield to him.

Senator Goldenberg: Honourable senators, I am flattered that Senator Flynn thinks the debate on this amendment cannot be concluded without some remarks by me. At least, I am trying to put that thought in his mind.

Senator Flynn: Of course.

Senator Denis: He is learning.

Senator Goldenberg: I regret not having been here on Tuesday and Wednesday. I was not on vacation. I was on some official duties, having been asked to attend a function out of town on behalf of the government.

I presented the reasoning of the committee when I submitted the report to the Senate on Tuesday of last week, and shall say only a few words about the amendment moved by Senator Asselin on Tuesday. The honourable senator showed me the courtesy of discussing it with me before he moved it, and I appreciate his kind remarks about myself in commencing his speech. The amendment is something we discussed in committee. Unfortunately, Senator Asselin was absent from the session at which we discussed it.

Senator Asselin: If I was absent from that meeting, I was present when we concluded discussing the report itself, and the honourable senator will remember that I raised the question at that time.

Senator Goldenberg: I entirely agree. I was referring to the session at which we discussed this point in particular. Senator Asselin did raise the matter at the final meeting of the committee before adoption of the report. I referred to the previous session, not by way of any criticism of Senator Asselin but to explain my position, because

during the committee hearings I held the same view as the honourable senator.

I was one of those who were very much concerned by the thought of a youngster at what is called a "pot party" handing a "joint" to a friend, and being caught and charged with trafficking. I was very much concerned then, but I am less concerned now because of the evidence submitted to the committee. I was satisfied by the evidence that if the word "give" were eliminated from the definition of "trafficking" it would open the door to "pushers," who would try to induce marihuana smoking by giving cigarettes to youngsters, that is, handing them out from time to time. This is what merchants do to promote their wares. This was one reason, and the main reason, why I decided that perhaps I was wrong in wanting the word "give" eliminated.

I was also influenced by the evidence of witnesses who testified that it was most unlikely that a youngster in the situation I have outlined would be prosecuted for trafficking; that he would be charged with possession and not with trafficking.

Finally, while I have not appeared in court for a long time, I have been a lawyer for many years. I have confidence in the ability of a judge to distinguish between the case of a youngster handing a cigarette to another at a college party, and a professional handing cigarettes out to students in the hope of encouraging them to smoke marihuana and in due course provide him with a great deal of profit. I was also led to believe that the experience of the prosecutors who appeared as witnesses before the committee justifies the conclusion that I have reached.

● (1440)

Honourable senators, for these reasons I admit that I myself have changed my mind and cannot support the amendment which Senator Asselin proposed very eloquently in a scholarly speech, which I read first thing this morning and on which I congratulate him.

Senator Flynn: Honourable senators—

Senator Greene: From the sublime—

Senator Flynn: I am glad to hear my good friend, Senator Greene. He always helps me when I rise.

Senator Goldenberg: He always pays attention to you.

Senator Flynn: He provokes me into being more convincing, possibly—at least, more convincing than I would otherwise be.

The amendment moved by Senator Asselin is very limited in its wording. It would remove the word "give" from the definition of trafficking in this bill. However, there is more to it than the deletion of a single verb.

The amendment is based on the recommendation of the Le Dain Commission, to be found at page 302 of the English version of the report:

6(e) Trafficking should not include the giving, without exchange of value—

And I underline "without exchange of value."

—by one user to another of a quantity of cannabis which could reasonably be consumed on a single occasion.

That is the basis for the amendment moved by Senator Asselin.

Senator Choquette: Not a ton.

Senator Flynn: I will come to the argument raised by Senator McIlraith a little later.

I come now to the effect of deleting the word "give" from the definition of trafficking as it is found in this bill. I have heard Senator Manning and Senator McDonald, and maybe others, saying, "if someone gives a joint of marijuana to another and says, 'Pay me tomorrow,' well, that is not a gift."

It may be a problem of refuting the evidence but, as Senator Goldenberg mentioned, I also have confidence in our judges. Anyone telling an unbelievable story would not be believed by the judge. The defence has to rest on something which is credible, which can be accepted by the judge. It is true that somebody can lie, somebody can invent a defence, somebody can mount an alibi which rests on nothing, and be acquitted. That is true, but it is also true with regard to various other offences under the Criminal Code. I do not agree that because some may attempt to deceive the court we should recommend very restrictive terms in a definition in order that they not succeed. This may serve to make it very difficult, if not impossible, for others to get out of a trafficking charge which should not really have been made to apply to them. Senator Goldenberg says it would not be used. Well, it could be used, and this is the point—it could be used very easily.

Senator McDonald and others also do not accept the argument—which I suggested by interruptions, and I am sorry that I made those interruptions if they displeased the speakers at the time. But, for myself, I do not mind being interrupted, and I believe I may do to others what I would have them do to me.

Senator McDonald: On that point, you just referred to a statement that one could give and say, "Pay me later." If you can show me anywhere in the *Hansard* of this house where I made any reference to payment, I will eat your hat.

Senator Flynn: I heard you yesterday. I did not read your speech today. But I would say to Senator McDonald that these words were precisely those used by Senator Manning, in any event. I can understand that Senator McDonald wants to dissociate himself from Senator Manning. I take his word on the point he has raised.

Senator McDonald: I am not responsible for what Senator Manning says, but I am responsible for what I say.

Senator Flynn: That may be so. I shall not take time to read your speech at this time. I accept your word that you did not say it. But I do have a note here that you said, "give for the purpose of advertising." Am I correct in this?

Senator McDonald: I beg your pardon?

Senator Flynn: You used the words "give for advertising purposes."

Senator McDonald: That is correct.

Senator Flynn: That will be covered in my argument, which is to the effect that if you distribute to a lot of people—plural, as was mentioned by Senator McIlraith

before—you come under the word "distribute." This is the point. "Give," on one occasion—this should never be the basis of a conviction for trafficking. If you have evidence of more than one, of several instances, then you have the word "distribute" in the definition, which would normally be sufficient to obtain a conviction in those cases.

Senator McDonald: May I ask one question?

Senator Flynn: Certainly.

Senator McDonald: If you distribute, then the intention is that the person you distribute to will pay for it; is that not right? If you distribute any product, you expect those people to whom you distribute it to pay you.

Senator Flynn: Sure.

Senator McDonald: But if I "give" a product, I do not expect anyone to pay. Is not that the difference?

Senator Flynn: In the definition, the word "distribute" is not connected to any payment. If you sell, of course, whether you are being paid right away or the next day it is the same. But if you distribute, as is mentioned in the definition, you do not expect any payment, immediate or later. You may expect that you will get some clients eventually. But you do not have to prove against the man who distributes that he is going to receive any payment for it, then and there or later. Distributing is isolated, I would say, from any compensation or payment of any kind. If you distribute, you are going to be convicted. This is the point.

In regard to the cases that have been mentioned, practically all except that blockbuster of a case mentioned by Senator McIlraith, had to do with distribution. I say that if you have evidence of distribution—that is, of giving—to several people, then you have evidence sufficient to obtain a conviction of trafficking, and you do not need the word "give" for that purpose.

Now Senator McIlraith has brought forth his massive argument of giving a ton of hashish for nothing. Of course, that is a problem which the judges can assess. I do not believe anyone could convince a judge that he has "given" a ton of hashish. That would be worth a considerable sum on the black market, and could in no way be considered a small gift. A gift of one ton of hashish is an incredible proposition. So surely you are not really trying to convince me, Senator McIlraith, that there is anything serious in that aspect of your argument.

● (1450)

Senator McIlraith: May I answer that question right now? If the honourable senator will read the judgment in the New Brunswick case which I referred to—and I have a copy of it here which I can lend him—he will see that that is the very point dealt with. If the ton of hashish was given to the one man, the one person, there could be no conviction when using only the word "distribute." It is not a distribution, and the case is squarely on the point.

Senator Flynn: I am afraid I would not have the same confidence in this judgment that Senator McIlraith seems to have. I am quite convinced that it would be quashed, because it is nonsense. After all, you have to assume that judges are capable of a bit of commonsense, and you have to assume the same with respect to the Senate also, Senator McIlraith.

[Senator Flynn.]

Senator McIlraith: Would the honourable senator not admit that the judgment of the New Brunswick Court of Appeal is the law and is binding?

Senator Flynn: No. If the Supreme Court of Canada confirmed such a judgment, I would. But I am quite certain that what you are giving as the judgment was not the judgment but was merely a comment, an aside, in the judgment.

Senator McIlraith: No, that is not the case. That was the judgment in *Regina vs. Christiansen* in the New Brunswick Court of Appeal.

Senator Flynn: Surely the question before the court did not concern a gift of one ton of hashish. That expression was a mere comment by the judge, and it is as silly from the judge as it would be from anyone else, and it could not possibly be the basis for the judgment. For God's sake, who are you trying to kid?

Senator McIlraith: The meaning of the word "distribute" is the basis of the judgment. I have the judgment here.

Senator Flynn: The case did not involve the giving of a gift of one ton of hashish, did it?

Senator McIlraith: It involved the gift of one cube of hashish to one person.

Senator Flynn: So it was not a ton.

Senator McIlraith: The whole point is that there could not be a conviction because that was not a distribution. The word "give" was not used in the charge laid, and the word "give" had to be used, otherwise there could not be a conviction. That is the very point.

Senator Flynn: The judge was not deciding that even if the accused had given one ton of hashish he could not be convicted.

Senator McIlraith: Yes.

Senator Flynn: No. And that is not the point because the fact is that a mere cube is not a ton, and you cannot possibly extend that judgment, or the meaning of that judgment, in the way which you suggest in order to bolster your argument. The judge cannot do that, and neither can you. You must think we are a bunch of credulous children if you think that we would believe for one moment that the meaning of this judgment could be extended to apply to a case in which the accused, having given one ton of hashish, would, because he had "given" it, be acquitted. That is ridiculous. I challenge anyone here with any experience before the criminal courts to sustain that argument. If a judge made those remarks, they were by way of *obiter dictum*.

Honourable senators, removing the word "give" does not create any real problem, except in the case where the only evidence you have against the trafficker is one instance of his giving marihuana to a friend. But if he had really been trafficking you would have evidence of a plural operation, just as described by Senator McIlraith.

Indeed, what I did find laudable in the remarks of Senator McIlraith was the fact that he was really proving my point that, if you have the evidence of a plural opera-

tion, you do not need the word "give". The word "distribute" is sufficient.

Senator Denis: It might be hard to prove, though.

Senator Flynn: If it is your intention to prove trafficking against a person with but the slim evidence of one small gift, do you not think that would be unfair—even to this man? I mean to say, if you do not have evidence, you do not have evidence and that is all there is to it. It has always been a principle in our law that it would be better to let a guilty person go free than to convict an innocent person.

Senator Greene: Would the honourable senator permit a question? If I understand him correctly, he is saying that a professional trafficker who seduces one young person by giving him hashish should go free unless it can be proved that he seduced more than one. Is that correct?

Senator Flynn: Possibly, yes. My friend seems to think he has a strong argument there. But the point is, how would anyone be able to make a judgment based on that mere fact of one act of giving unless it was possible to establish otherwise that that person was a trafficker? If you do establish otherwise that he is a trafficker, then you cannot say by the mere evidence of one gift of one joint that he is a trafficker. That is what you are trying to make us assent to here. You are trying to suggest that even though the evidence does not show any trafficking by a particular person, because you know from other evidence you have that he is a trafficker, that should be sufficient to convict him. Well, that is really against all principles of criminal law. It is against all principles of simple justice. I cannot agree to that. It is not because someone is otherwise a bad character that you should be able to convict him of a crime he has not committed. Surely, Senator Greene, you are not suggesting to the Senate that you would want to convict someone because of the mere fact he had given someone else a joint? That would be going exactly against the argument put forward by Senator Laird and Senator Goldenberg, that no prosecution would be taken on the basis of the evidence of the gift of one joint. Are you now saying exactly the contrary? Remember that the rule has to be applicable to all. The principle must be that a person is innocent until he is proven guilty, and that principle must apply as much in the case you have mentioned as in any other case. We must be fair not only in the application of the law but in the drafting of the law. To me that is the main thing.

The basis for Senator Asselin's amendment is to be found in the facts collected by the Le Dain Commission, together with their specific recommendation. That is one point. The second point is that the problems you have with regard to removing the word "give" are resolved by the word "distribute" in practically all cases. Certainly, the problem of giving a large quantity cannot be accepted by the court as a defence.

Finally, let me deal with those who oppose the argument because they are against the bill. Senator Heath said yesterday that she is against the bill, so I understand her argument on the amendment. If one is against the bill, one is against the amendment. After all, what is this bill meant to accomplish? It is meant to remove marihuana from the Narcotic Control Act. The government is asking Parliament to lessen the severity or the importance of the

offence of using marihuana, and it is saying, "Take it away from the Narcotic Control Act, and put it under the Food and Drugs Act." Since the definition in the Narcotic Control Act includes the word "give", and since under the Food and Drugs Act the definition does not mention the word "give" but provides for distribution, then if you are really sincere in approving the bill you have to approve the amendment. If you are against the bill, as Senator Heath is, then you must vote against this amendment as you will against the bill. If you do not like the lessening of the offence, vote against the amendment, but later on vote against the bill. If you transfer the offence from one act to the other while maintaining its severity with regard to the minimum evidence that should be adduced, you will not be acting logically. You will be indulging in mere window-dressing.

● (1500)

I am very much afraid, personally, that the whole bill is simply window-dressing. But if it is not window-dressing, if you believe that it is too severe to keep marihuana under the Narcotic Control Act and you want to transfer it to the Food and Drugs Act, then, by Jove, be logical; accept the definition in the Food and Drugs Act, and remove the word "give" from the definition of trafficking to be found in this bill. However, if you are more concerned about the accused and his basic rights than you are about making it easier for the police to obtain convictions in marihuana cases, or making it easier for certain people to use the word "give" for purposes of blackmail, or making it easier for a judge who has no more judgment than to say that he would not be able to convict someone who gave a ton of hashish because it was alleged to have been a gift, you will have to accept Senator Asselin's amendment. And I suggest to you, honourable senators, that you should either vote for the amendment and then support the bill afterwards, or vote against the amendment but later on be logical and vote against the whole bill.

Senator Perrault: Honourable senators, it has been interesting to listen to the arguments advanced from various parts of the chamber. I would now like to include a few brief thoughts of my own on the question before us.

I would remind honourable senators that according to testimony given to the committee which considered this proposed legislation, the removal of the word "give" from the definition of trafficking would have the effect of hamstringing the efforts of police forces across the country. This is the testimony that was presented to that committee by those witnesses who spoke to the point.

Senator Flynn: Are you speaking for the government now?

Senator Perrault: If we say that possession of cannabis is an offence and that it is similarly an offence to traffic in this drug, surely the police must be given adequate means to enforce the wishes of Parliament.

All of us in this chamber have a great deal of respect for the RCMP, and we are not unmindful of the terrible problem which they face, especially in cities like Vancouver, Montreal and Toronto, as well as other centres. They felt that "giving" the drug constitutes an integral part of trafficking. This is the view of the police forces charged

with the grave responsibility of fighting the problem of drug usage in our society.

Senator Choquette: May I ask my honourable friend a question?

Senator Perrault: May I complete my statement first? I do not resist questions, but I do want to get my views before you. Then I would be pleased to answer the question.

Senator Flynn: Is it a personal viewpoint, or the viewpoint of the government?

Senator Perrault: It is rather interesting for me to hear the Leader of the Opposition taking a position in this chamber this afternoon which can only be construed by many Canadians from coast to coast as a softening of the attitude toward the use of drugs in this country. I think there is a responsibility that devolves upon the Leader of the Opposition to give leadership in this country at the present time, because presently he is speaking for a great national party, a party which has expressed concern over this drug problem.

Please deal with the question at issue.

Senator Flynn: I am asking if you are expressing your own personal view, or if you are speaking for the government. At least you should have the courage to say yes or no.

Senator Perrault: I am making a statement of my views on this particular question—views which, perhaps, may be reflected by a majority in this chamber.

Senator Flynn: What about the government?

Senator McDonald: They will look after it.

Senator Perrault: Honourable senators, I rather think that when certain senators opposite believe they may be in some trouble, they engage in a series of interruptions. We listened carefully to what they had to say on this subject—and they advanced some very thoughtful ideas—and I think they should not be unduly sensitive about opinions expressed from other parts of this chamber.

As I said, the RCMP feel that the giving of the drug constitutes an integral part of the offence of trafficking. To have to depend on actually seeing the transfer of money as proof of trafficking would give rise to a situation where those engaged in a transaction of this kind could simply put money in a safety deposit vault, or a bank, or make payment in some other form. I think some members are being very naive about the ingenuity of those organized commercial dealers in drugs who have moved into the cannabis trade in a big way and have made it a multi-million dollar business in many parts of Canada. Let us not give them any breaks. Let us not give them any other advantages, because they enjoy enough now to enable them to move about all too freely.

Senator Flynn: Then withdraw the bill.

Senator Choquette: Are you ready to accept my question on that very point? I will be very brief.

Your argument, as I follow it—and you are trying to convince us—is that if the police ask us to do this, we should bow to them and grant their request. Do you remember the wire-tapping bill?

[Senator Flynn.]

Senator Perrault: That is not a question; it is an observation. If the honourable senator wishes to engage in the debate he will have an opportunity to do so.

Senator Choquette: Do you remember the wire-tapping bill?

Senator Perrault: I think the attitude of the Opposition appears to be: Do not confuse us with the facts; our minds are made up.

Senator Flynn: Well, we know that about you.

Senator Perrault: The attitude is: never let the facts stand in the way of a good argument.

We heard the Opposition earlier this afternoon, when the thoughtful comments of Senator McIlraith were presented to this chamber. The allegation was that the case of *Regina vs. Christiansen* is totally irrelevant to the matter before us. The fact is that certain aspects of the case met quite adequately some of the arguments we have heard from the Opposition today.

The headnote of this case, as one honourable senator pointed out, begins with the words:

Indictment—Accused charged with trafficking in narcotic by distributing—Evidence disclosing giving as means—Whether trial Judge should amend on own motion—Responsibility for correctness of indictment that of Crown counsel—

And so on. It might be useful for some members of this chamber to read this judgment.

Senator Flynn: As long as you can understand it.

Senator Perrault: One of the presiding jurists stated as follows:

The dictionary definition of "distribution" is an apportioning among many. In this case, the hashish was given to W. for his own use—none of the others present was to receive a share. Therefore there was no distribution as alleged and the acquittal must stand.

Senator Flynn: That is what I said.

Senator Perrault: "The acquittal must stand." But the judgment points out that a quantity of narcotics, or hashish, was given to the accused, and he proceeded to make a quantity of marihuana cigarettes out of the marihuana which he had received. Are we to assume that this is not to be an offence under the law?

Senator Flynn: An offence of possession.

Senator Perrault: Should it not have been an offence for a substantial quantity of marihuana to have been given to a member of an army barracks in the Maritimes? That is the nature of this case.

Senator Flynn: What is the quantity? We do not know.

Senator Perrault: Whatever the quantity was, it made a number of cigarettes.

Senator Flynn: A number, yes.

Senator Perrault: It was great generosity on the part of the distributor of marihuana to have given this chap, who was associated with many other soldiers in this particular military situation, a number of cigarettes "for his own use." Nevertheless, because it was alleged it was given

only for his own use—only given to him—the charge was dismissed.

Senator Flynn: But the purpose of the bill is to provide for simple possession to be deemed to be not a very serious offence, as it used to be. The Honourable Leader of the Government should understand the purpose of the bill.

● (1510)

Senator Perrault: Honourable senators, I wish that the Honourable Leader of the Opposition would learn to wiggle sitting down.

Senator Flynn: Well, you do all your wiggling standing up.

Senator Perrault: To have to depend upon actually seeing the transfer of money as proof of trafficking would give rise to the situation where those engaged in a transaction could simply deposit payments in a bank account or safety-deposit box, or something of the kind. What about a young person who simply passes a "joint" to a friend? Such a situation has been referred to by some honourable senators. This question was considered closely during the committee hearings, as a glance at the transcript of the committee proceedings will indicate. I think it may be useful to quote from the testimony of Mr. Landry, the Montreal Regional Director of the Department of Justice, to the Senate committee on April 29, 1975. This is what he said:

Mr. Halprin has seven years' experience in Vancouver and I have ten years' experience. I have been in Montreal since 1965 and have lived through all these cases personally for quite a period of time, and I have yet to see a case where someone has been charged with trafficking because he gave a cigarette or drug to a person.

I suggest, honourable senators, that Mr. Landry and Mr. Halprin have had a considerably greater amount of experience in cases of this kind than most members of this chamber. These were experts invited to testify before the committee. Then he went on to say this:

It is very easy to say, academically speaking, that would be the crime of trafficking, but how do you prove it? I have still to run across a case where I have the evidence of such an event happening. It may have occurred rarely in Canada, where an undercover agent was given a drug and the person giving it was charged with trafficking, but it is a very unusual situation for the very reason that you cannot prove that. On the other hand, it may facilitate prosecution in certain circumstances, where people could easily defend themselves by saying, "I did not intend to sell it. I had five pounds but I only intended to give it to friends from time to time."

This is exactly the basis of the case cited by Senator McIlraith—the case from New Brunswick. That is exactly how the accused in the case in New Brunswick was acquitted. Mr. Landry continued:

By having the word "give" in the definition of trafficking, that would not be an excuse on a possession for the purpose of trafficking charge. I have yet in my jurisdiction to see a case for a straight offence of trafficking by somebody giving the drug to another

person, because you never get that. I have never heard of such a case happening.

So the point that is being made, and has been made by other speakers with great expertise in the law, is that while it may do some damage to remove it, it does absolutely no harm whatever to leave it in, and we do not want to give encouragement to those who are making substantial incomes by trafficking in human misery, such as is taking place from coast to coast in Canada by those engaged in a great commercial exploitation of human weakness. This is precisely what we are doing.

Senator Flynn: How can you reconcile this testimony, where they say that not a single case has been based on a single operation, with the idea that it would be helpful since the word is there?

Senator Perrault: Honourable senators, let me repeat again what has been said here earlier.

Senator Flynn: No, don't repeat it; explain it.

Senator Perrault: In those cases where a technical defence can be entered—

Senator Flynn: It has not happened.

Senator Perrault: —the people charged with law enforcement in this country say that this kind of defence could be entered conceivably—

Senator Flynn: Could!

Senator Perrault: Yes, "could." You are talking in terms of protecting a young person who is an innocent dupe. There has yet to be a case in Canada where a person of that kind has faced a major penalty for what is regarded as a minor offence. But the law-enforcement officials say that we must not allow any escape hatches for those who are using the presence of that word "give" for the exploitation of many people, and are really engaged in the process of trafficking.

Honourable senators, we are told that in cases such as the one I have mentioned involving the giving of a few "joints," the persons involved are never, or virtually never, charged with trafficking but are charged instead with simple possession.

There is one very important point which perhaps has not been made clear enough in this debate, and that is that the court has the final say, for under Bill S-19 the court will now have the option of using the discretion provided it under section 662.1 of the Criminal Code to give an absolute or conditional discharge. Honourable senators should be reminded—particularly those who are worried that certain prosecutors will interpret the definition of trafficking very strictly and lay a charge of trafficking for the transfer of one "joint," if I might use an extreme example; I know that this is of concern to some senators—that in these cases the judge can give an absolute or conditional discharge. There is this balance in the discretionary power of the court to grant a discharge as it sees fit.

Honourable senators, I think we should keep the word "give" in the definition of trafficking to enable our police forces to enforce the wishes of this Parliament with respect to the control of cannabis. We should not impede the efforts of our police forces to try to convict the profes-

sional trafficker, and we should do nothing here which might provide any kind of moral encouragement for those who are reaping a vast dividend from the exploitation of human tragedy.

Hon. Senators: Hear, hear!

Senator Flynn: May I ask a question? My honourable friend referred to the testimony of some experts. Does he not agree that those experts were opposed entirely to the bill? In fact, if the honourable senator says that we should not do anything to encourage these people, then the only logical attitude would be to vote against the bill. Does he realize that?

Senator Perrault: These witnesses were not opposed to the bill. But it seems to me, honourable senators, to be rather persuasive evidence indeed when the hard-pressed police forces of this country, together with those people who deal with the charges every day in the courts, are of the view that it would weaken their efforts if that word were removed from this legislation.

Senator Choquette: But that is what they told us in connection with wire-tapping, and you discarded it. Do you remember that? The police begged us to leave section 90 in that measure.

Senator Flynn: To vote against the bill was to vote against the police.

Some Hon. Senators: Let us have the vote. Question.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Goldenberg, seconded by Honourable Senator Côtteau, that this report be now adopted.

In amendment, it is moved by the Honourable Senator Asselin, P.C., seconded by the Honourable Senator Choquette, that the report be not now adopted but that it be amended by adding thereto the following amendment:

9. Page 4, line 22: Strike out the word "give".

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Those who are in favour of Senator Asselin's motion in amendment will please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are against Senator Asselin's motion in amendment will please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

● (1520)

Motion in amendment of Senator Asselin negated on the following division:

[Senator Perrault.]

YEAS

The Honourable Senators

| | |
|--------------------------------------|--------------|
| Argue | Grosart |
| Asselin | Haig |
| Bélisle | Lafond |
| Blois | Neiman |
| Choquette | O'Leary |
| Flynn | Phillips—13. |
| Fournier (Madawaska- Restigouche) | |

NAYS

The Honourable Senators

| | |
|---------------------------------------|---------------|
| Barrow | Graham |
| Basha | Greene |
| Cameron | Hastings |
| Carter | Heath |
| Cook | Inman |
| Cottreau | Macnaughton |
| Denis | McDonald |
| Deschatelets | McIlraith |
| Duggan | Norrie |
| Eudes | Perrault |
| Everett | Petten |
| Fournier (Restigouche- Gloucester) | Riley |
| Goldenberg | Robichaud—26. |

The Hon. the Speaker: I declare the motion in amendment lost.

Shall the main motion for the adoption of the report carry?

Senator Flynn: I move the adjournment of the debate.

Hon. A. E. Haddon Heath: Honourable senators, before we adjourn, I wonder if I may speak to the main motion? As a senator from Western Canada I would feel very much remiss in my duty if I did not make some contribution this afternoon.

When we were asked to give approval in principle to Bill S-19 I was one of the reluctant ones. I felt that the principle involved was that of reducing the penalties that obtain with respect to cannabis offences. However, the view prevailed at that time that we were simply changing the law regarding cannabis, and that the law dealing with cannabis did need some change. So I accepted that view, and reluctantly went along with the idea of pursuing the matter, and of giving the bill approval in principle.

● (1530)

The good thing which came out of that was that the bill was referred to the Standing Senate Committee on Legal and Constitutional Affairs, under the able chairmanship of Senator Goldenberg. The committee heard scientific and legal evidence, as well as evidence of new develop-

ments that hitherto we had not been aware of. It was a hard-working committee, conscientious and diligent. I therefore regret that I cannot concur with many of the committee's recommendations.

There is perhaps a sense of being overwhelmed by the amount of material that we considered, the amount of evidence brought forward. I must confess a sense of being underwhelmed by the provisions of the bill being proposed at this time.

We are in a crisis situation with regard to the whole drug scene in Canada. One need not come from Western Canada to know that it is an epidemic situation.

What does Bill S-19 do in a forward, productive and practical way? I have the feeling that Bill S-19 is engraving in stone the actual judgments being brought down today by our courts under the Narcotic Control Act. I suppose it shows a great vote of confidence in our judicial system, to the extent that what our judges deliver as verdicts are considered to be something that should be written into statute law. In my opinion, that is not the right approach at this time, and will do nothing to ameliorate the crisis situation now facing us.

Prior to taking part in the debate, I asked myself the question: Does Bill S-19 make it more, or less, likely that young children will be given access to a dangerous drug; does it make it more, or less, likely that those who supply or profit from a dangerous drug will continue their ugly trade; does it make it more, or less, likely that youngsters will be introduced to a variety of drugs; does it make it more, or less, likely that the police can apprehend the hardened criminal, that the courts can convict him, and that the court's ruling will be sustained? I have to say that Bill S-19 does not go very far in redirecting, putting a thrust to, the attack on the current drug problem. The aims of such a bill should be to make it unattractive to anyone who wants to experiment with cannabis or to persuade other people to use it. It should be utterly ruinous to cultivate, traffic, export or import cannabis.

It is 10 years since the drug problem really assumed proportions that caused people to become concerned, and by a tremendous effort of coordination and cooperation with various police forces throughout the country we are gradually gaining control over it. The operative word is "control." We are not stamping it out. Possibly we must now consider the problem as we do an infectious disease, such as cholera. In the case of cholera, we would first control it, we hope, and then hopefully eradicate it. As legislators, what are we doing with Bill S-19? Are we doing everything we can, first, to control, and then eradicate? In fact, are we doing anything at all with Bill S-19?

I will not go into the proposals—honourable senators have had them clearly explained—dealing with possession, and how they differ from present practices only in degree and not in method or philosophy. After attending many of the committee hearings, and knowing the concern of senators is very much with the younger element of the population, I ask: Are we, in fact, giving them sufficient protection? We already have done that by Part II of the Narcotic Control Act, which has never been proclaimed. There is all the structure necessary, ready to be put into operation, so that there could be some compulsory education, medical

treatment, or whatever is necessary to look after first offenders.

What good does it do to impose a fine of \$500, or, if they cannot pay, to jail them for three months? It has been clearly established that jail will do nothing for them, and a fine of \$500 will probably lead them to do who knows what in order to get the money.

● (1540)

Part II of the Narcotic Control Act provides for preventive detention for a person convicted of trafficking, possession for the purpose of trafficking, and importing or exporting, where that person has been previously convicted of these offences. The sentence is to be served in a penitentiary for an indefinite period in lieu of any other sentence that could be imposed. That provision, by the way, was passed in 1961 and was heralded as a major new policy in Canadian drug legislation. It is to be found in section 15 of the Narcotic Control Act.

Under section 16, a person charged with possession may be remanded for observation for seven days. Possession for the purpose of trafficking, importing and exporting are also included in this section. If the individual is convicted, then under section 17 he or she may be sentenced to custody for treatment for an indeterminate period if, on the basis of the evidence adduced, he or she is found to be a narcotic addict.

Section 2 of the act defines a narcotic addict as follows:

"narcotic addict" means a person who through the use of narcotics,

(a) has developed a desire or need to continue to take a narcotic, or

(b) has developed a psychological or physical dependence upon the effect of a narcotic.

The provision for compulsory treatment has never been proclaimed. I have been unable to discover why. It seems to me that with the framework already available it would not be too difficult to do something constructive to stem the increase in drug addiction, and the crimes that are perpetrated as a result of drug addiction.

After reviewing all of the evidence I could not help but get the feeling that it was as if somebody had said, "Look, we have to do something about the Le Dain Commission recommendations. Come on, you chaps, whip up some legislation."

It does not seem to me, having heard the evidence and having looked at what is already in place, and seeing how very similar those recommendations are to what is already in the Narcotic Control Act, that we are not going to go far enough with what a distinguished legal counsel referred to the other day as "tiddlywink" legislation. In my opinion, events have overtaken the report of the Le Dain Commission. Much in the way of new evidence has come forward since 1974. I think that if the Le Dain Commission were still sitting, its recommendations might take a different direction.

One of the most difficult problems that we face is the lack of publicity given to the dangers inherent in cannabis. It was evident in the testimony before the Legal and Constitutional Affairs Committee that information con-

cerning the dangers of cannabis is simply not reaching the public.

One study conducted by Hardin B. Jones, Assistant Director, Donner Laboratory, University of California, Berkeley, showed that THC, the active component in cannabis, is stored in the fatty tissue to an extent comparable to DDT. In other words, even a year after you stop using cannabis, the THC component is still in the fatty tissue of the brain, and so forth. I am not saying that those who use cannabis are fatheads. However, this information has come to light since 1974.

We also had testimony from Professor Morton A. Stenchever, Chairman of the Department of Obstetrics and Gynecology, University of Utah Medical School, that the use of cannabis leads to chromosome damage.

Canada has always been in the forefront, particularly with regard to food and drug regulations. We have always taken the position that the substance must be proven safe before it can be distributed in Canada. Other countries often put it the other way—that is, unless the product is proven harmful, they accept it for distribution. I prefer the Canadian way.

In the event that we do proceed with Bill S-19—and I do not feel we would be doing the government a service by proceeding with it—there are one or two things I should like to mention on the practical side. Whether we adopt the proposed legislation or not, some of these suggestions may be pertinent to the Narcotic Control Act.

First of all, we want very much to avoid a young offender's ending up with a criminal record. If the individual's age is 18 years or under, in most instances he or she would not have a criminal record because previous trials would have been in the juvenile courts. However, if the individual is beyond the age where he or she is considered a juvenile, Bill S-19 really does not accomplish all that much in the way of avoiding a criminal record. Under the proposed section 52 of the Food and Drugs Act, the Identification of Criminals Act will still apply, and it has to apply if we are going to have subsequent offenders. There has to be some means of identifying subsequent offenders.

The subsequent offender section precludes a subsequent conviction in the case of an individual convicted of an offence in relation to one of the restricted or controlled drugs. In other words, if an individual has been convicted with respect to LSD, he would not go under the category of a subsequent offender for the purposes of Bill S-19. I think that is a serious oversight.

I also feel that the provisions with respect to the prosecution of the offence of possession for the purpose of trafficking under the new section 53 should be reviewed, as that procedure, from a practical point of view, is cumbersome, inconvenient, and out of keeping with the general method of proof in a criminal proceeding.

These are not my own words. I asked a distinguished counsel in British Columbia, who has also been a member of Parliament for many years, and a public-spirited man, to help me on this. He also suggested that the definition of "possession" be enlarged to create certain presumptions in favour of the Crown when drugs are found in a dwelling house normally occupied by the accused, in his clothing or belongings, or in any motor vehicle owned and being

operated by him at the time that the drugs were found. There are many countries in which the motor vehicle is the first thing confiscated if drugs are found in it. We do not seem to worry about that kind of thing at all.

A definition of "possession" is not contained in the bill, but there is one in section 3 of the Criminal Code. I have a copy here, and I would ask that it form part of my remarks at this point.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Heath: It is as follows:

(4) For the purposes of this Act,

(a) a person has anything in possession when he has it in his personal possession or knowingly

(i) has it in the actual possession or custody of another person, or

(ii) has it in any place, whether or not that place belongs to or is occupied by him, for the use or benefit of himself or of another person; and

(b) where one of two or more persons, with the knowledge and consent of the rest, has anything in his custody or possession, it shall be deemed to be in the custody and possession of each and all of them.

Another aspect to note is that many people involved with both prosecuting and defending these cases would like to see cannabis defined more specifically. I know the Leader of the Government is aware of the problems we are having in British Columbia right now with respect to *cannabis sativa*. L. There are some interesting cases developing on the West Coast with respect to that at this time. I think the legal community would like it to be more specifically defined.

Another problem, from a practical point of view, arises with regard to certificates. The certificates mentioned in section 55 should be admissible without notice to the accused, subject to the right of the accused to cross-examine as contemplated by section 55(2).

● (1550)

There is a further matter. From the practical aspect, perhaps an adequate solution would be for the arresting officers, upon seizing the substance, to advise the accused

that it would be analyzed and, if the analysis proved that the substance was an offending drug, evidence of same would be introduced by way of certificate pursuant to the statute, and that a copy of such certificate could be obtained prior to trial at his request. That would certainly speed these things up. I must say, from the aspect of legal activity, it is very difficult to serve these people, as they go under assumed names, and all kinds of delays take place, and that is holding up actions in the courts tremendously.

There is a great deal more to be said, obviously. There is one thing which I have left out and which I hope some of my colleagues will deal with. This is the adverse publicity we have received through the press. At a Victoria school board meeting, an account of which I read in the *Victoria Columnist*, the problem of cannabis in the schools was discussed. School boards are comprised of pretty responsible people, I think you will agree. Those people came up with the idea: "The Senate is about to legalize marihuana, so why should we be concerned about it; they must know what they are doing." This adverse publicity has been going all over the country ever since this bill was introduced. Until there is some good strong educational publicity about what we are trying to do, and preferably compulsory education for young offenders, and until Part II of the Narcotic Control Act is proclaimed, I cannot see that we are making very much headway.

Honourable senators, I would like to end on a more positive note. We are all now aware of the problem, of the dimensions of the problem, and of the choice that we have, and I feel confident that we will exercise whatever powers we have as responsibly as possible.

On motion of Senator Flynn, debate adjourned.

BUSINESS OF THE SENATE

Senator Petten: Honourable senators, in giving the schedule of work for next week, I omitted to say that the Special Joint Committee on Employer-Employee Relations in the Public Service will meet on Thursday morning at 9.30. Also, the Standing Senate Committee on Agriculture will meet on Tuesday at 2 p.m., and not at 9.30 a.m. as I said earlier.

The Senate adjourned until Tuesday, June 10, at 8 p.m.

THE SENATE

Tuesday, June 10, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Brewin, Joyal and Caccia had been substituted for those of Mr. Gilbert, Miss Bégin and Mr. Landers, that the name of Mr. Kaplan had been substituted for that of Mr. Caccia, and that the name of Miss Bégin had been substituted for that of Mr. Joyal on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

PETROLEUM ADMINISTRATION BILL

CONCURRENCE BY COMMONS IN SENATE ADMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that they had agreed to the amendments made by the Senate to Bill C-32, to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade, without amendment.

DOCUMENTS TABLED

Senator Perrault tabled:

Final Report of the Tax Measures Review Committee, dated June 1975, entitled: "Corporate Tax Measures Review," presented by the Minister of Finance.

Copies of correspondence between officials of the Government of Canada and the Government of Manitoba relating to the Nelson River Transmission System.

Report of operations under the Crop Insurance Act for the fiscal year ended March 31, 1974, pursuant to section 13 of the said Act, Chapter C-36, R.S.C., 1970.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION ACT

BILL TO AMEND—FIRST READING

Senator Perrault presented Bill S-27, to amend the Canadian Overseas Telecommunication Corporation Act.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday, June 12.

Motion agreed to.

BROADCASTING

APPEARANCE OF GERDA MUNSINGER ON CBC TELEVISION PROGRAM—NOTICE OF INQUIRY

Senator Forsey: Honourable senators—

Hon. Senators: Hear, hear.

Senator Forsey: I thank honourable senators very much. It is a great pleasure for me to be back after a sojourn in a much less agreeable milieu.

I wish to give notice that on Thursday next, June 12, 1975, I shall inquire of the government as follows:

1. How much did the Canadian Broadcasting Corporation pay Mrs. Gerda Munsinger for her appearance on the Barbara Frum program on CBC TV at 9 o'clock Saturday evening, June 7, 1975,

(a) by way of expenses,

(b) by way of fees?

2. Has Mrs. Munsinger a record of criminal convictions in Canada?

3. How long is she to be allowed to remain in Canada?

I had intended to ask under what provisions of the Immigration Act she had been admitted, but I discovered on my return to the office yesterday that my friend and colleague Senator Molson had already anticipated me on that.

4. Is it the intention of the Canadian Broadcasting Corporation to present other persons of similar qualifications on this program at public expense?

5. If so, what is the budget for such appearances?

6. What criteria does the corporation use in selecting the people who are to appear on this program?

7. Does the government consider that the presentation of Mrs. Munsinger on this program is a proper use of public money?

8. Does the government consider that the presentation of Mrs. Munsinger on this program conforms with the CBC's mandate as laid down in the Broadcasting Act?

Senator Perrault: Honourable senators, may I note the return to the Senate of the Honourable Senator Forsey, restored to his buoyant good health. He obviously has lost nothing in the way of vigour as a result of his brief incarceration in hospital. I want to assure him that the government will assiduously set forth to provide replies to the questions posed in his Notice of Inquiry.

Senator Walker: Would Senator Forsey elaborate? What does he mean by "qualifications"?

Senator Flynn: What does he expect?

Senator Walker: I know she is writing a biography.

Senator Langlois: It is good publicity, anyway.

● (2010)

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, June 11, 1975, and that rule 76(4) be suspended in relation thereto.

Senator Asselin: Explain.

Senator Hayden: Honourable senators, may I offer an explanation for this motion? Tomorrow the Committee on Banking, Trade and Commerce will deal first of all with Bill S-24, to incorporate the National Commercial Bank of Canada, and judging by the witnesses who will attend, it may take some time to complete our consideration of that bill. Then, with the aid of our experts, we will resume our study of the subject matter of Bill C-60, respecting bankruptcy and insolvency. Then we will resume our study of the subject matter of Bill C-2, the competition legislation in the light of the more recent developments in that area. I expect that we may be engaged most of the day in dealing with these items of business.

Motion agreed to.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Grosart, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator MacDonald be substituted for that of the Honourable Senator Welch on the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

VICTORIA MEMORIAL MUSEUM

RUMOURED CHANGE OF NAME—QUESTION

Senator Forsey: Honourable senators, I have a very simple question for the Leader of the Government. Is it the intention of the government, as I have heard rumoured, to remove the word "Victoria" from the name of the museum at the foot of Metcalfe Street? I would add to my question my hope that if this is done it will not be changed to "Muscan"—as so many things are being changed in this fashion nowadays. But I should like to know if there is any truth in the rumour.

Senator Perrault: Honourable senators, that particular rumour has not been brought to my attention. I would be

interested to know the source of the honourable senator's information. However, be that as it may, I shall conduct the appropriate inquiries and attempt to ascertain the truth or falsehood of the rumour.

TRANSPORT

FEED FREIGHT ASSISTANCE—QUESTION

Senator Norrie: Honourable senators, I have had several inquiries about freight assistance for feed in the Maritimes, and I have not been able to find any reference to nor have I been able to acquire any information about the introduction of a new bill concerning feed freight assistance. A question was asked in the House of Commons yesterday about a change in policy, and the response from Mr. Sharp was that there was none that he knew of.

When the new feed grains policy was announced on May 22, 1974, the federal government promised that feed freight assistance in the Atlantic provinces and eastern Quebec would not be changed unless a high degree of self-sufficiency in grain production was achieved there. Can the Leader of the Government in the Senate assure the Senate that this is still government policy and that no changes whatsoever are being contemplated before self-sufficiency is achieved? In other words, as long as the Atlantic provinces must import feed grain, the freight subsidy will be paid.

Senator Perrault: Honourable senators, I hope I may take that question as notice. It is rather detailed and I will obtain the reply as quickly as possible.

Senator Flynn: We hope you will.

CONSTRUCTION INDUSTRY

PARDON GRANTED TO DÉDÉ DESJARDINS—QUESTION

Senator Molson: Honourable senators, I would like to ask the Leader of the Government if he could throw any light on the pardon granted to Dédé Desjardins, who has become very famous in my province as one of the key figures in the construction industry. He must have been convicted of some criminal offence, because he was apparently granted a pardon. This was after figuring prominently in the inquiry into the difficulties of our construction industry in Quebec. I gather that he has now been rehired as a consultant, although he is considered by many as being one of the most sinister figures on the Quebec scene.

I would ask specifically the charge of which he was convicted, how he was granted a pardon, on whose recommendation it was granted and when?

Senator Perrault: Honourable senators, it is my understanding that an inquiry along similar lines has gone forward to the government from the honourable Premier of Quebec. To my knowledge, he has not yet received a reply. I shall undertake inquiries of my own, however, in an attempt to enlighten the Senate.

BUSINESS OF THE SENATE

● (2020)

Senator Argue: Honourable senators, I should like to direct a question to the Chief Government Whip, Senator Petten.

Senator Flynn: The Whip; no, you cannot.

Senator Argue: As I read the rules, one senator may ask another senator a question. Anyway, I intend to try.

As the Whip is well aware, he has been standing for some weeks now the order for the resumption of the debate on my motion for second reading of Bill S-23, to amend the National Defence Act and the Criminal Code (total abolition of capital punishment). Could he report to the chamber whether other senators are prepared to take part in this debate? I suggest to him that in light of the importance of this question, the Senate should be given an early opportunity to make a decision on it.

Senator Petten: Honourable senators, when I stood the order for the resumption of the debate on Senator Argue's motion, certain senators had indicated their wish to speak to it. However, up to this point none has come forward. If no senator wishes to speak, I presume it would be in order for Senator Argue to close the debate.

CRIMINAL CODE

CHARGES OF ILLEGAL ABORTION—ACQUITTAL OF DR. HENRY MORGENTALER BY JURY—QUESTION AND ANSWER

Senator Asselin: Honourable senators, since Dr. Henry Morgentaler has been acquitted twice on a charge of illegal abortion by a jury in Montreal, I would like to know if the government is disposed already to bring about amendments to the Criminal Code regarding abortions?

Senator Perrault: Honourable senators, there is no present inclination on the part of the government to change the laws and regulations with respect to abortions.

Senator Flynn: Is there any possibility that a jury decision might change the law of the country?

Senator Walker: No, that would be shocking.

Senator Langlois: If it were the wrong decision.

Senator Flynn: That is my question.

STANDING COMMITTEES

NOTICE OF MEETINGS—CORRECTION

Senator Langlois: Honourable senators, before the Orders of the Day are proceeded with, I would like to call attention to an error in the Notice of Committee Meetings appended to the *Minutes of the Proceedings of the Senate* of Thursday, June 5. Notice was given of a meeting of the Standing Senate Committee on National Finance for the examination of the Manpower Division of the Department of Manpower and Immigration for 3.30 p.m. tomorrow. This notice should have been for 9.30 a.m., as indicated in the notices sent to honourable senators.

FOOD AND DRUGS ACT
NARCOTIC CONTROL ACT
CRIMINAL CODE

BILL TO AMEND—CONSIDERATION OF REPORT OF
COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, June 5, the debate on the motion of Senator Goldenberg for the adoption of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-19, to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code.

Senator Flynn: Honourable senators, I was perhaps a little strict in asking that the debate be limited to Senator Asselin's amendment. However, I did not wish the debate to be concluded last week because other senators, particularly Senator Manning, had indicated their desire to discuss other aspects of the report. I understand that Senator Phillips is now ready to proceed, and with the consent of the house I yield to him or to any other honourable senator who wishes to speak.

Hon. Senators: Agreed.

Hon. Orville H. Phillips: Honourable senators, after Bill S-19 was introduced I was amazed to hear a radio commentator say that the so-called marihuana bill was introduced in the Senate because the House of Commons considered the subject too hot to handle.

I do not think anyone can criticize the standing Senate committee that dealt with Bill S-19. It provided a fair hearing to the various viewpoints, and earned the various compliments it received. I am not in complete agreement with the report, but I do not wish my remarks to be taken as criticism of the work of the committee.

When the chairman presented his report in the Senate, various news media reported that the Senate had recommended an increase in the penalty for trafficking in marihuana. There may be a certain element of fact in this, if we compare what is in the bill with the amendment, but we must remember that the existing legislation provides life imprisonment for trafficking.

The proposed new section 49 of the Food and Drugs Act provides two types of conviction for trafficking—summary conviction and conviction upon indictment. The penalty for summary conviction is a fine of \$1,000 or not more than 18 months in prison, or both. This is a very light penalty for trafficking in drugs, and the committee did not change this. Instead, it changed the penalty for conviction upon indictment, increasing it to a maximum term of imprisonment of 14 years less a day.

Honourable senators, I believe there will be a great deal of plea bargaining, that 90 per cent of the convictions will be under the provision for summary conviction, and it will be 40 or 50 years before the pendulum swings back the other way and we find anyone receiving the maximum penalty. Therefore, we should not attempt to fool anyone by saying we have increased the penalty for trafficking.

When the bill was introduced, the Solicitor General announced on television that the sentences of all those presently convicted of drug trafficking would be reviewed

to determine whether they would be eligible for parole. I wonder why drug traffickers are entitled to receive such preferential treatment. We should ask ourselves what these people will do when they are released. I cannot imagine anyone hiring them or providing any form of employment for them. The only thing they can do is return to trafficking in drugs. In fact, the Solicitor General left me with the impression that he was willing to pay Rivard overtime for the time he spent in prison.

Senator Perrault's argument on Senator Asselin's amendment last Thursday was that we should assist the overworked and harassed police forces of this country, and that we should be very mindful of their request. I would remind the honourable Leader of the Government that one of the proposed amendments of the committee is to remove the minimum sentence in the new section 50 for importing or exporting drugs.

Senator Goldenberg: Would the honourable senator allow a correction?

Senator Phillips: Certainly.

Senator Goldenberg: The honourable senator is constantly talking about "drugs." This bill does not deal with drugs; it deals only with marihuana. It does not deal with any other drugs.

Senator Phillips: You are quite right in that respect. I should be saying "cannabis" rather than "drugs."

Senator Perrault was very persuasive in his argument last Thursday. I hope he will be just as persuasive this evening and remind honourable senators that the RCMP, and many other police forces, requested that the minimum penalty under section 50 be retained. In fact, he might remind honourable senators that the RCMP opposes Bill S-19.

I think everyone can share the sympathy of the committee for the young offender who makes a mistake, the young person who tries a marihuana cigarette—

Senator Asselin: A joint.

Senator Phillips: —and gets caught, and who then has a criminal record. I was rather surprised to learn that very few of those entitled to a pardon have requested one. Perhaps this is a reflection on our court and legal system. Perhaps it is not what we believe it to be.

If a first offender receives a discharge and, with that, a pardon, one is then moved to ask how he or she will be convicted of a subsequent offence? There would be no record. The Criminal Records Act provides that when a pardon is granted the record shall be sealed and kept by a commissioner, and only upon the consent of the Solicitor General can the record be unsealed.

Bill S-19 will certainly make the smoking of marihuana much more acceptable, and we can therefore expect an increase in the number of cases coming before the courts. Do we expect that a judge or a Crown prosecutor will apply to the Solicitor General for permission to search the records to determine whether or not there was a previous conviction?

I have heard some suggestion that fingerprinting, under the Identification of Criminals Act, may be used. Here again, I am left wondering whether we have sufficient personnel for this purpose. We should be able to identify

those individuals who have appeared in court on a number of occasions so that they may not be in a position to claim repeatedly theirs is a first offence. I understand the committee spent some time on this question, and I would appreciate a further explanation from the chairman when he closes the debate.

● (2030)

Honourable senators, I have stated that I cannot support the report. I still believe the report allows Bill S-19 to become an illegitimate attempt to legitimize marihuana.

[Translation]

Hon. Azellus Denis: Honourable senators, I have only one more word to add. I am afraid to take a bad risk by heeding the advice found in the argument put forward by the Leader of the Opposition to the effect that those who voted against the amendment last Thursday should vote against the bill. I am going to follow his advice, for I feel that the bill is more lenient than the present legislation.

I still believe in the good judgment of judges. I still believe in the good judgment of the Parole Board. I feel that it is their duty to decide whether the guilty should be sentenced to life imprisonment upon subsequent offences, and so on.

It is almost with regret that I follow the advice of the Leader of the Opposition.

[English]

Hon. Ernest C. Manning: Honourable senators, may I make a few additional comments to the points I endeavoured to make during the debate on the amendment then before the house.

All of us properly wish to extend to the committee that spent so long in examining this bill our appreciation for the depth of the study they made, the variety of witnesses they heard, and the time they spent in arriving at a decision on what is a very controversial and difficult matter. I say that with all sincerity, notwithstanding the fact that I cannot agree with their conclusions.

In his report to the house, the chairman of the committee, Senator Goldenberg, pointed out that the important recommendations of the committee boiled down to three. These have all been discussed in the debate that has already taken place. The committee recommends that the maximum penalty for trafficking be imprisonment for 14 years less one day. The report states that this is an increase in the penalty proposed in the bill as introduced in this house. As I pointed out the other day, this is a rather misleading comparison, because the comparison should more properly be made with the law as it presently exists. As honourable senators are all aware, under the Narcotic Control Act the penalty for trafficking can be imprisonment for life, so the effect of this recommendation is to reduce the maximum penalty for trafficking from life to 14 years less one day.

I do not want to repeat what I have already said on this subject, other than to stress once more that in assessing this matter many Canadian people share the view that cannabis in itself is not the serious problem. If it were something that could be isolated from the total drug subculture, I do not think we would be discussing the points that have occupied our time in this debate. The great concern in this matter is that cannabis is an introductory

drug—if you can call it a drug—that is used, perhaps more than any other substance, to introduce young people to the drug subculture.

Senator Asselin: What about alcohol?

Senator Manning: I do not want to get on to the subject of alcohol. I think you would have to admit that the damage resulting from alcohol is far more excessive than that caused by people smoking marihuana. That is not the question before us.

My point is that there is plenty of evidence that a large percentage of young people who do become addicted to hard drugs start with the smoking of marihuana cigarettes or using marihuana in some form. It is not that it is addictive and leads to other drugs by reason of being addictive; but it is an introduction to what has become recognized by everyone as the drug subculture. We all know the attitude of young people. They want to keep up to their peers and it may seem quite smart when they start out smoking a few marihuana cigarettes. But it is not long before someone says, "How long are you going to be content with that kid stuff; why don't you do something really sophisticated?" It is at that stage that many young people start experimenting with hard drugs, which leads to the devastating effects with which we are all familiar. It is for this reason, above all else, that I feel that for anybody found guilty of trafficking in a substance that introduces young people to the drug subculture, the penalty of life imprisonment is not too severe.

I know the answer quite often given, and it has been given in this house, is that it is only a theoretical penalty, because the courts will never impose a life sentence. I regret that that is all too true. But surely that should not detract from the people's representatives in Parliament expressing the public will in this matter. Surely that must be some guide to the courts as to how concerned parents feel about an action that can have such far-reaching serious results.

On the second amendment, I am not going to spend much time. It is the removal of the minimum penalty on conviction for the importing or exporting of cannabis. I have difficulty in finding any valid reason why the minimum penalty should be reduced. I do not think this is a major amendment, because the court has discretion to impose whatever penalty it thinks fit and the minimum probably has very little practical significance. I merely repeat that I see no valid reason for its removal.

The third recommendation is that in cases of absolute or conditional discharge a complete pardon should be automatic in order to remove the criminal record. We all understand and appreciate the thinking of the committee that is behind that recommendation. It is a very sad and a very undesirable thing to have a lot of young people saddled with a criminal record, especially a first offender. But while a great many people would agree that there should be a provision to get rid of a criminal record in cases of this kind, there are also many people who would question seriously whether the unconditional and automatic pardon is desirable or even beneficial for first time offenders. Certainly provision should be made for a pardon; certainly the process should be made as simple as possible, as uncomplicated as possible, and it should not subject the first time offender to harassment through

[Senator Manning.]

extensive police investigation—which is one of the reasons given by the committee why not many first time offenders apply for a pardon. Nevertheless, I think it is reasonable that there be at least a minimum probationary period before a pardon is granted. That period should be at least six months, or even one year.

● (2040)

I believe there is merit in the person involved being required to make application for his pardon. If he is not sufficiently concerned with the fact that he has a criminal record attached to his name to apply for such a pardon, that in itself reveals something significant about his attitude to the whole question of respect for the law, and his sense of responsibility in acknowledging that he was wrong in violating the law in the first place. If his attitude to a criminal record is, "I couldn't care less," then a prospective employer of that person, and society as a whole, surely has a right to know that such is his attitude towards the law and towards respect for the law. The revelation of that attitude is probably more important than the fact that the criminal record is wiped out by an automatic pardon.

For that reason I would not want to see an automatic pardon granted, although, as I said earlier, I would like to see the process for obtaining a pardon simplified. It is reasonable and, in the last analysis, is in the interests of the first offender himself to require that he assume at least enough responsibility to apply for a pardon when provision has been made whereby he can obtain it, and thus remove a criminal record which is of concern to him.

On motion of Senator Prowse, debate adjourned.

OCEAN DUMPING CONTROL BILL

SECOND READING—DEBATE ADJOURNED

Hon. Alan A. Macnaughton moved the second reading of Bill C-37, to provide for the control of dumping of wastes and other substances in the ocean.

He said: Honourable senators, to bring this bill to the attention of the Senate is a privilege, because the bill represents a national response to the international concern of pollution in the world's oceans. This bill is also of great importance to Canada in the protection of her renewable resources. Canada has consistently been in the vanguard at international fora striving for the increased protection of the environment, a task which can only be successfully achieved through international cooperation.

Late in 1972 an agreement to control ocean dumping was reached in London by 91 nations including Canada. That agreement is now referred to as the London Convention. The basic principles underlying the London Convention are briefly as follows: First, that the sea and the life it supports are vitally important to all the world's people. This being so, all of the world's people have a direct interest in making sure that the sea is managed and used in ways that will damage neither its quality nor its resources.

Second, that the capacity of the sea to absorb punishment, to assimilate wastes without damage, and to sustain life, is not unlimited. The sea is vital yet fragile.

Third, that the nations signing the Convention also recognized, in keeping with the charter of the United Nations and the principles of international law, that nations have the sovereign right to exploit their own resources, but that at the same time they have the responsibility to ensure that things done within the areas which lie within their jurisdiction do not damage the environment of other nations.

In addition, the participating nations agreed to take measures individually and collectively to prevent marine pollution caused by the uncontrolled dumping of wastes into the oceans.

Canada signed the London Convention in December 1972, thereby committing herself both to the principles of the Convention and to her intention to ratify. The passing of this legislation will permit Canada to join those nations which have already ratified the agreement, and will justify her position as a leader in the protection of the marine environment.

Before elaborating on Bill C-37, let me outline briefly the features of the London Convention. The Convention, when ratified, will prohibit the dumping of wastes in the oceans without specific permission granted by the national authority designated by the state concerned. Under the terms of the Convention, the "dumping of wastes" does not include waste disposal at sea resulting from the normal operation of vessels, aircraft, platforms or other installations; nor does it include the disposal at sea of wastes generated in the exploration, exploitation and offshore processing of seabed mineral resources. Separate instruments have been, and are being, developed to deal with those types of pollution problems.

"Dumping" means the deliberate disposal at sea of wastes, or other matter, from vessels, aircraft, platforms or other man-made structures including disposal of wastes at sea by incineration. It also covers the deliberate disposal at sea of vessels, aircraft, platforms or other man-made structures themselves. The treatment of the world's oceans as repositories for the garbage of mankind will no longer be tolerated, if this Convention is signed by the necessary number of states.

The London Convention was not the first international agreement on this subject; it was preceded in 1972 by a regional agreement known as the Oslo Convention, which was for the protection of northeast Atlantic fisheries and contiguous waters. The Oslo Convention was signed by 12 northwest European nations.

Bill C-37 will give the Government of Canada the legislative authority to control and manage dumping by all vessels in Canadian waters. That latter term includes Arctic waters within the meaning of the Arctic Waters Pollution Prevention Act; it also includes Canada's fishing zones.

The bill will also apply to dumping by Canadian ships, wherever they are located, and it will apply to all ships loading wastes in Canadian ports with the intention of disposing of them at sea.

● (2050)

The control of dumping activity by Bill C-37 will be by means of a permit system. All types of dumping will be

subject to permit, and a prescribed fee will be charged to applicants.

In both our proposed national legislation and the London Convention, the wastes being dealt with fall into two main classes. Schedule I includes all those wastes which are known to be capable of causing damage to the marine environment. These substances are prohibited, and no permits will be granted for their disposal at sea except in very special circumstances. Included in these substances are organohalogen compounds such as DDT, PCB's and others. Also listed are mercury and cadmium and their compounds, persistent plastics and synthetics, oil of all kinds, high level radioactive wastes, and materials produced for biological and chemical warfare. As a further example perhaps I should mention netting and ropes which float indefinitely in the sea, causing obstruction.

The second class, Schedule II, is made up of those substances that have a potential for causing damage, but which, with the correct precautions and supervision, can be safely deposited in the sea. Permits issued for Schedule II substances will specify locations, times, rates of disposal, et cetera, that will be compatible with the protection of the marine environment.

These schedules, honourables senators, can be changed and updated as new substances emerge or knowledge is gained requiring their amendment. Substances not included in these schedules are not immune from control as these also require a permit for dumping purposes.

In extraordinary circumstances where the safety of human life is involved, provision is made in the bill for substances to be dumped at sea without prior permit. However, a full report of such action and the circumstances involved will be required. The minister may, in addition, grant an emergency permit to authorize dumping action, if such action is necessary to avert danger to human health on land. The reporting of this dumping action, and if possible prior consultation with other states liable to be affected by such action, is covered in the bill.

Schedule III specifies the criteria to be followed in the issuance of permits. Again, it follows the pattern of the London Convention. Among the factors considered are the composition of the substance itself, the method of deposit, the characteristics of the dumping site, the existence of alternative methods of disposal, and the effect of such dumping on marine life, amenities and other uses of the seas.

The penalties for offenders who contravene the act will be assessed in accordance with the severity of the violation. The contravention of clauses 4, 5 or 6 on summary conviction carries the following penalties: for offences involving substances not listed in Schedule I or II, a fine of up to \$50,000; for offences involving substances listed in Schedule II, a fine of up to \$75,000; for offences involving substances listed in Schedule I, a fine of up to \$100,000.

The contravention of clause 7, which prohibits the disposal of ships, aircraft, et cetera, in the sea, is punishable on summary conviction by a fine not exceeding \$75,000 and failure to report dumping carries liability for a fine of up to \$75,000.

The bill authorizes the government to detain, seize, or force forfeiture of ships and aircraft and to demand

redress of environmental damage by polluters. The Governor in Council is empowered to make regulations required to carry out the provisions of the Convention and of the act.

The administration of the act will be carried out by Environment Canada, and will involve many other government departments and agencies, including the Ministry of Transport, the Royal Canadian Mounted Police, the Department of National Defence, and the Department of Indian Affairs and Northern Development. In those matters concerning alternative land disposal situations, provincial organizations will also participate.

Honourable senators, as you know, the bill has undergone a thorough examination by the Standing Committee on Fisheries and Forestry of the House of Commons, and by that house, prior to its arrival in the Senate. The passage of this bill will allow Canada to take her rightful place amongst those nations who have already finalized their ocean dumping legislation. Canada deserves to be in this elite group of world leaders.

The London Convention will come into force automatically after the deposition of the fifteenth instrument of ratification. As of this moment there are 13 nations that have ratified, and a number of others possess that capability through legislation. The Convention calls for the convening of an organizational meeting within three months of its coming into force. This meeting will decide on the administration and future shape of the Convention and will be open only to those nations that have ratified. It is important that the special coastal state interests of Canada be fully represented at this conference.

It is fortunate that the problem of ocean dumping is not of major proportions in our coastal waters, and we wish to see that this situation never develops. Canada's coastal waters and the resources therein are a heritage to be protected and fostered for generations to come, and this bill, honourable senators, is an important step along the road to the complete protection of our ocean environment.

If this bill receives second reading, I propose to move that it be referred to the Standing Senate Committee on Health, Welfare and Science but, frankly, only if honourable senators think that they would prefer to discuss it further.

Senator Connolly: Would the honourable sponsor of the bill tell us what courts would have jurisdiction in this connection? I take it, from a cursory reading of the bill, that it would be the courts of criminal jurisdiction in the nearest province or area. Would there be any jurisdiction, however, in the Federal Court to enforce the provisions of the bill?

Secondly, I notice that the bill deals exclusively, because of the Convention, with dumping of noxious materials into waters adjacent to Canada, and I ask this question only out of curiosity. Is there any similar legislation with respect to the dumping of materials from aircraft, for example, over land?

Senator Macnaughton: Speaking from memory, honourable senators, I think you will find somewhere in the bill—and I wish I could put my finger on it—a provision to the effect that the Federal Court will have jurisdiction. In Quebec I believe it would be the superior court. I am not

[Senator Macnaughton]

sure what it might be in the rest of Canada. I think, however, it is mentioned in the bill.

Senator Connolly: It is only the Federal Court, as I read it. However, we can look at that in committee.

Senator Macnaughton: With regard to the second question, I do not know of any legislation dealing with dumping by aircraft over land. Perhaps that could be dealt with in committee.

On motion of Senator Bélisle, debate adjourned.

● (2100)

JUDGES ACT AND CERTAIN ACTS IN RESPECT OF THE SUPREME COURTS OF NEWFOUNDLAND AND PRINCE EDWARD ISLAND

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Keith Laird moved the second reading of Bill C-47, to amend the Judges Act and certain other acts for related purposes and in respect of the reconstitution of the Supreme Courts of Newfoundland and Prince Edward Island.

He said: Honourable senators, the introduction of this legislation has been delayed somewhat, and perhaps I should briefly explain the reason for this delay which accounts for the retroactive feature in the bill.

This legislation which we now find in Bill C-47 was introduced first in the other place prior to the election which was held last year. If you go back far enough you will see that the last increase in judges' salaries was granted in 1971, and at that time the then Minister of Justice promised that there would be a review every three years. That review should have taken place last year, but because of the election it did not take place. For that reason we have the retroactive feature in this bill whereby the pay increases are introduced in two phases, the first to apply from April 1, 1974.

I have read the proceedings in the other place on this legislation, both in the house and in committee, and I can inform honourable senators that while the discussions were not lengthy they were extremely thorough. The bill was passed eventually, on division as it turned out, with not more than eight members opposed. So you will see that it has received in the other place a very substantial consideration, and that in itself may reduce somewhat the labours which we might otherwise have had to undertake in this connection.

Perhaps, in view of the various items included in the bill other than the salary increases, it might be as well if I were to explain now and dispose of those provisions respecting the provinces named. At the outset let me emphasize that where these changes are made in the judiciary of these provinces, in each instance the changes were proposed by the attorney general of the particular province and were provided for in each case, or at least so I am informed, insofar as legislative competence goes by appropriate provincial legislation. Therefore I think that in this respect I can say we are simply doing what has been requested of us by the provinces.

Let us take Alberta, for example. There the district court presently is divided into two divisions, one for northern Alberta and one for southern Alberta with a

separate chief justice for each. Under the new structure there will be a consolidation of these division into one District Court of Alberta with a single chief judge although there is also provision for an associate chief judge. That disposes of Alberta.

In Newfoundland the supreme court presently consists of four justices, including a chief justice. The province does not have a court of appeal as such. The proposed legislation would create such a court of appeal consisting of three justices including the chief justice. The court structure in Newfoundland would therefore become similar to that of the other provinces.

The provisions concerning Prince Edward Island would consolidate the county court with the supreme court. That takes care of those provisions in the bill which refer specifically to provinces.

Now let us come to the main purpose of this bill, which is to grant salary increases to judges. I would draw to your attention that at the beginning of Bill C-47 you will find set out the proposed increases which, by the way, are to be introduced in instalments, the first instalment to date from April 1, 1974, and the second from April 1, 1975. The present salaries appear in the schedule to the bill. That enables you to compare what was and is currently being received by judges with what is proposed. Obviously it would take me the better part of an hour to go into all of this in detail, but if the matter is of particular interest to any senator he can check it in the legislation, and if the bill should go to committee it can be further checked there.

We must keep in mind that with these increases there is introduced a limitation which never existed before. From now on judges are restricted to earning \$3,000 from extra-judicial functions such as royal commissions, surrogate court work and that sort of thing. In fact, I took the trouble over the weekend to check with certain county court judges to determine the amount of income they received from functions other than their strictly judicial functions. I found that many of them in Ontario—I am not saying this is true all across Canada—are making an extra \$8,000 or \$9,000 a year. So when you compare what their situation will be with what it has been up to now you will find that they are not coming out all that well as a result of the changes. The whole idea behind this limitation is to confine, as far as possible, judges to strict judicial duties, which I think you will agree is desirable when you consider that the courts are at the present time overloaded almost everywhere. This is a step in the right direction.

Another interesting sidelight on these increases is that in the other place Mr. Eldon Woolliams, who spoke very forcefully in favour of the bill, had taken the trouble to make a calculation of the effect that the income tax payable by the judges would have on the increases. The net effect is that if this bill becomes law—and here I do not intend going into all the details because they are set out in the House of Commons *Hansard*—roughly speaking, and not taking into account outside income if any, this is going to amount to an increase of only about 50 per cent of the amount granted. In other words, the income tax rate will be increased to the point where the judge will be left with only about half the amount granted as non-taxable income.

Furthermore, having in mind the provisions regarding county court and district court judges, I should draw to your attention that in almost every province their jurisdiction has been increased considerably. In Ontario, for example, as members who are Ontario lawyers know, county court judges can now hear divorce cases. That is one example of how their workload is being increased. I would ask you to keep that in mind when checking the tables and comparing the salaries proposed in this bill with those they are presently receiving.

I am sure I do not need to stress in this chamber that it is of extreme importance to make sure that we get the best men and women available on the Bench. I do not know of any segment of society that is more important for the proper operation of a country than a strong, independent judiciary. By the way, there are about 500 judges involved, so there is no astronomical monetary problem. But we have to keep in mind that we want to get from the Bar those lawyers who are the most competent for judicial duties. I am sure you are all aware that when we succeed in getting men of that calibre, they give up the opportunity for considerably greater earnings. So, it becomes extremely important that we do not shut out any person of high calibre who might be willing to accept an appointment to the Bench but cannot do so because of monetary considerations. However, I do not need to urge on members of this chamber the desirability of avoiding that.

• (2110)

I should point out that for several years now the process of selecting judges has been more scientific than in the past. Almost without exception, the appointments to the Bench in the last few years under both Conservative and Liberal governments have been good appointments. The reason is simple. No longer is it considered some sort of reward for political work, and a process is followed under which the advice of impartial people is taken. Probably most important is the fact that a committee of the Canadian Bar Association is fixed with the exclusive responsibility of advising the Minister of Justice on the suitability of persons whose names have been submitted to the minister for appointment to the Bench. I may say that there have been several instances where the present government appointed adherents of the other party, which I believe is known as the Conservative Party. I could mention names, but I believe we all know of these instances. Anyway, I am sure the same situation would prevail if the Conservative Party were to form the next government of the country.

Senator Forsey: NDPs have also been appointed.

Senator Laird: Yes. Although I should not mention names, there is Mr. Justice Osler in Toronto.

Senator Forsey: And Mr. Justice Berger.

Senator Laird: However, the process of selection has improved mightily since many of us commenced the practice of law, because there is simply more care exercised in ensuring that appointees, regardless of their political affiliations, will do the job as a judge.

If we did not have a strong judiciary, a cog would be missing in the machinery to maintain a stable society. Therefore, for all those reasons, obviously we had to treat very seriously a matter of economics in order to attract the best possible men.

I could mention some minor fringe benefits, if you will allow me to call them that, which are provided in this bill. For example, the expenses of judges who attend study sessions are now payable by way of reimbursement. Perhaps some senators do not know that, like lawyers and doctors and others, it has been the practice of judges to attend conferences and seminars in order to keep up to date in judicial matters and the administration of justice. The expenses incurred in attending these conferences and seminars have become burdensome, and these expenses will now be reimbursed.

A judge will now receive another benefit in the form of a removal allowance when he is required to change his place of residence to perform his duties. A county court judge may be asked to preside in a distant county, and the legislation provides for the payment of his expenses.

Another benefit under the bill increases the pension entitlement of a judge's widow from one-third to one-half.

You may recall that at one time we provided that certain judges could elect to become supernumerary judges—that is, at a certain age they could elect to become supernumerary judges and not be on regular duty but available on call. That privilege has now been extended to county court judges. In my opinion, this is an excellent amendment, because heretofore this applied in the main to superior court judges.

Honourable senators, those are the main purposes of this bill. I shall do my best to answer questions, but you may wish to leave detailed questioning until the bill is being considered in committee.

Senator Deschatelets: Honourable senators, Senator Laird told us that under this legislation the salaries of judges will be revised after three years. Would he tell us if there was any reference during the debate in the other place with respect to a possible indexing of the salaries of judges, rather than a revision after three years?

Senator Laird: I cannot recall that there was any discussion along that line. Over the weekend I read the debate on this bill in the House of Commons and the proceedings of the meetings of the committee, and I do not recall that suggestion being made. Please do not pin me down to that, but that is my recollection.

Senator Molson: Honourable senators, I should like to ask a question. In establishing the number of judges in the provinces, what basis is used for the varying numbers? It is quite interesting to note that in Prince Edward Island, with a population of 105,000 or 110,000, there are seven judges; in Saskatchewan there are 32; in British Columbia there are 65, and so on. These numbers do not seem to bear much relationship to either the extent of the territory or the numbers of the population. There must be a basis, and my question is: what is it?

Senator Laird: It is based solely on the requests put forward by the provinces. In other words, a province decides it needs a certain number of judges, and it passes legislation, but that legislation cannot become effective until the Parliament of Canada passes legislation. I repeat, the numbers do not emanate from Ottawa, but from the provinces, and the custom is to carry out the wishes of the provinces.

[Senator Laird.]

Senator Langlois: It is based on the volume of litigation in each province.

Senator Laird: That is true. As Senator Langlois says, it is based on the volume of litigation, which makes the Prince Edward Islanders appear to be very litigious.

Hon. David Walker: Honourable senators, I congratulate my learned friend, Senator Laird, on a very simple, explicit and understandable explanation of this bill. If I may, I should like to add a word or two concerning Bill C-47?

In my opinion, we should keep in mind in these troublous times, when parts of Canada seem almost on the verge of anarchy, that it is essential above all else—and many honourable senators who have served in public life know what I am talking about—that we maintain a strong judiciary.

● (2120)

It is important that we have a powerful, strong judiciary, composed of men who are known to the public and to labour; men who are above reproach; men who are outstanding not only because of their knowledge of the law, but because of their strong, powerful characters; men who can see the highest reaches of the law and interpret it, and make ordinary people understand it; men who at the same time can appreciate the wants and needs of the working man and union member. This is all important. As a matter of fact, the very survival of our Constitution and our form of government, it seems to me, depends more than anything else upon a powerful, incorruptible judiciary.

Fortunately in Canada we have this. There has been only one exception that I know of. It was as a result of the report of a special joint committee of both houses, and a motion for an address to the Governor General, that that person resigned. That is the only instance I know of where there has been any talk of corruption among our judiciary.

Shakespeare said that if a man has it in his mind to be something, he should act the part. Such is the reputation of our judiciary that any person appointed to it knows at once that he has a great challenge to live up to, and he at once tries to act the part, and in time becomes that part. It is a marvellous thing that in Canada, as in England—not in the United States, and not in any other country, to the same extent—we have such a high class, incorruptible judiciary.

We cannot hope to get people to accept these offices unless we pay them adequately. I do not mean we should pay them what they have been earning at the Bar. They should be willing to make a sacrifice. In accepting the high and exalted position as judge—we all look up to judges, to the judiciary—they should be prepared to make a sacrifice just to serve Canada and, at the same time, to do good to their souls. I can say, from my experience, there are a great many people at this time—as they did during the time when I was parliamentary secretary to the Minister of Justice—who are giving up large incomes to become judges in order to serve Canada in the best way they know.

I shall not go into the sacrifice of income which some of them make, because it might be misunderstood outside this chamber. But thank God there are people in Canada who follow the British tradition in that when they have succeeded in the practice of law they are willing to give up

the emoluments which go to a good lawyer by accepting a position on the Bench, where they serve for the rest of their working lives.

Senator Laird has improved tremendously since Senator Martin left the chamber. I say that not because Senator Martin was not a great leader—he was. All honourable senators know that I have the utmost admiration for him. I have known him since we debated together at Hart House 50 years ago. I think, however, my honourable friend was under the spell of a great man. He was his law partner. Now that Senator Martin has gone, he is himself—and an extremely able person he is. Senator Laird said there are 500 judges appointed by the Government of Canada, and I cannot help but think that in my province, Ontario—I hate to give credit to the Liberals, but they have carried on the tradition of the Diefenbaker government, and the Honourable E. Davie Fulton, in appointing the very best men to the Bench, be they Liberal or Conservative, although I must admit they are usually Liberal.

Senator Perrault: We appointed Fulton.

Senator Walker: And what a wonderful thing that was for you.

Senator Asselin: It should be the same in the Senate.

Senator Walker: Yes, it should be the same in the Senate. I know that Senator Perrault, the esteemed leader in this house, would like to see the Senate leavened by the presence of one or two distinguished Conservatives. It would really add tone to the place. If the Prime Minister, through Senator Perrault, wants names, I am ready to submit some. I agree that Mr. Justice Fulton, a delightful person, is an adornment to the Bench. It is a pity that during most of these past years he had the hang-up that he was going to be leader of our party. He wasted a lot of time at that. He is a very able man and is doing a good job.

On the Supreme Court of Ontario we have Chief Justice Gale, a tough, hard-boiled lawyer but a great administrator, whose sole ambition it is to get together the strongest group of judges, no matter whether they be Tory or Liberal—although they usually turn out to be Liberal—to have people on the Bench who are not at all interested in politics.

I speak of Ontario because that is my closest interest. I do not intend to appear before the courts again, and therefore I cannot be said to be currying favour. I have pleaded cases for 45 years, and that is long enough—and I guess the judges think so too. In Ontario we have the ablest court of appeal in history. Men earning \$100,000, \$150,000 and more per year have been appointed to the Ontario Court of Appeal. It is a fantastically able court, and so is the High Court of Justice. I must give credit to the Honourable Otto Lang for some of the splendid appointments he has made. When we talk about the judiciary, we have to speak outside of politics. It is too serious a subject to be made a political football. Mr. Lang has done a good job, and Ontario has a magnificent supreme court.

My honourable friend, the former mayor of Montreal, would know whether or not this is so in Quebec. It is marvellous to see some of those judges stand up and be counted when the pressure is on in that great province, which we all love so much.

Our only regret is that these wage increases have to come up. They are embarrassing. They are embarrassing for this house and for the House of Commons. Goodness knows, it does not make any difference to me—my salary is assigned to the Receiver General anyway—and neither does it matter to many honourable senators. But why should there have been all that fuss about members of Parliament getting an increase? It seems to me, in retrospect, to be ridiculous.

It would also seem to me that if we oppose this bill to raise the salaries of these very able, dedicated men—I will not go into that again. Well, perhaps I should, briefly. The amount for the Chief Justice of Canada is \$65,000 a year. Imagine that! Senator Goldenberg, that will be the day when you work for \$65,000 a year. The salary of judges of the Supreme Court of Canada is to be \$60,000 a year. Fantastic.

Senator Prowse: I would rather be a quarterback.

Senator Walker: Whatever that means, I thank my friend. The judges of today are extremely able men. The salaries of the chief justices and judges of the supreme and superior courts of the provinces are to be \$55,000 and \$50,000 respectively. For county court judges those figures are \$48,000 and \$43,000. I think that is a little high for county court judges. There are a good many of them, and some of them are not too distinguished. However, as far as the superior court judges are concerned—and I am absolutely sincere in saying this—they are a bargain, and let no one say they are not. I know that for a fact because I have been at the Bar for a good number of years. The Supreme Court of Ontario is a great institution of which I am very proud.

● (2130)

I must say that just as the Conservatives did justice by upholding the standard of the judiciary, so the Liberals are doing now—and what a wonderful way they have of deciding on appointments. The present government consults the Canadian Bar Association and the benchers of the law societies—I was one once—the governing bodies in the provinces. We were consulted, and are being consulted at the present time. In addition, there is a committee of judges to whom the Minister of Justice submits names. If the committee, after mulling over the nominations is not satisfied, it has no hesitation in sending them back. I know that Chief Justice Gale, chairman of the Ontario committee, often sends back recommendations. It is a wonderful system, and we can be justly proud of it. With all the chaos there is at the present time, we are in a sound position so long as we have an incorruptible, able and efficient judiciary.

On motion of Senator Asselin, debate adjourned.

NATIONAL DEFENCE ACT AND CRIMINAL CODE (TOTAL ABOLITION OF CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Argue, seconded by the Honourable Senator O'Leary, for the second reading of the Bill S-23, intituled: "An Act to amend the National

Defence Act and the Criminal Code (total abolition of capital punishment)".—(*Honourable Senator Petten*).

Senator Argue: Honourable senators, I rise to close the debate—

Senator Prowse: Honourable senators, I move the adjournment of the debate.

On motion of Senator Prowse, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 11, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Prud'homme had been substituted for that of Mr. Lachance on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Ritchie had been substituted for that of Mr. Fraser on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

CLERESTORY OF THE SENATE CHAMBER

SPECIAL SENATE COMMITTEE—CHANGE IN COMMITTEE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Inman be added to the list of senators serving on the Special Senate Committee on the Clerestory of the Senate Chamber.

Motion agreed to.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(h), moved:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting tomorrow, Thursday, June 12, 1975, and that rule 76(4) be suspended in relation thereto.

Senator Flynn: Explain.

Senator Langlois: Honourable senators, the Chairman of the Standing Senate Committee on Agriculture, at

whose request I am introducing this motion, will give the necessary explanation.

Senator Argue: Honourable senators, we were scheduled to meet after the Senate rises, but our witness Mr. Roy Atkinson, President of the National Farmers Union, has to catch a plane, and I thought that this motion would be some insurance for our committee if the Senate meeting were extended for an unusual length of time. As far as I am concerned, we will wait until 3.30 and perhaps a little longer. If the Senate rises at its normal time for Thursday, we will meet afterwards, but having this permission will ensure a successful committee meeting tomorrow.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Phillips be substituted for that of the Honourable Senator Walker on the list of senators serving on the Standing Joint Committee on Regulations and other Statutory Instruments; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

● (1410)

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Phillips be substituted for that of the Honourable Senator Quart on the list of senators serving on the Special Joint Committee on Employer-Employee Relations in the Public Service; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

COMBINES INVESTIGATION

NEW BRUNSWICK COURT OF APPEAL DECISION RE K.C. IRVING, LTD.—QUESTION ANSWERED

Senator Perrault: Honourable senators, last Thursday the Leader of the loyal Opposition—

Senator Flynn: Very loyal indeed.

Senator Perrault: —asked a question about the judgment rendered by the New Brunswick Court of Appeal regarding K.C. Irving Ltd. and a former conviction of that company by the New Brunswick Supreme Court. I have been informed that the Department of Justice in Ottawa is awaiting transmittal of a copy of the judgment.

The Minister of Justice has advised me that, after a thorough review of the judgment of the New Brunswick Court of Appeal, he will make a decision as to whether an appeal to the Supreme Court of Canada is warranted.

FOOD AND DRUGS ACT NARCOTIC CONTROL ACT CRIMINAL CODE

BILL TO AMEND—REPORT ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Goldenberg, seconded by the Honourable Senator Cottreau, for the adoption of the Report of the Standing Senate Committee on Legal and Constitutional Affairs on the Bill S-19, intituled: "An Act to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code."—(*Honourable Senator Prowse*).

Senator Prowse: Honourable senators, I should like to yield to Senator Bonnell.

The Hon. the Speaker: Has the Honourable Senator Bonnell leave to proceed?

Hon. Senators: Agreed.

Hon. M. Lorne Bonnell: Honourable senators, first of all I wish to thank Senator Prowse for yielding. I do not intend to take up much of your time but I do wish to make a few comments on this bill. My words are mostly words of caution. The Chairman of the Standing Senate Committee on Legal and Constitutional Affairs did a great job in influencing the committee. His statement in the last official report of the committee, in which he said that we are dealing in this bill and in this report with cannabis—not heroin, not opium or other drugs but cannabis and cannabis only—should be printed in large letters in newspapers across the country. We are not dealing here with some of the other major problems in Canada, problems involving alcohol, nicotine, heroin; we are dealing only with cannabis. I think it is obvious from a reading of the report that it does not suggest making the use of marihuana legal in Canada. Senator Goldenberg made that point quite clear in the final paragraph of his statement. Unfortunately, however, that does not seem to be the impression which has been created in the minds of people across the country. Therefore, we should emphasize and re-emphasize the fact that as senators we are not attempting to legalize the use of marihuana.

No doubt the press, always on the lookout for sensationalism, have done their best to come up with sensational headlines. Perhaps they have succeeded. Here are a few of the headlines taken from papers across the country. The *Summerside Journal Pioneer* of Prince Edward Island in its issue of Wednesday, May 28, said: "Senate Report Stops

[Senator Perrault.]

Just Short of Making Possession of Cannabis Legal." That type of headline is bound to give the wrong impression, especially to younger people who are more eagerly influenced by that sort of sensationalism. Indeed, many people do not read past the headlines. They do not read the small print. If one read the story through one would find that there was no suggestion that the Senate was attempting to make the use of marihuana legal, but that is the impression the headline gives.

Another headline reads: "New Law Gives Automatic Pardon for Possession of Pot." That means to most people that they can have all the pot they like, and, if caught, they will be pardoned. Another headline states: "Senate Proposes Easing of Marihuana Laws." Another one: "Senate Cannabis Report Stops Short of Legal Possession."

Basically, the newspapers from coast to coast give the false impression that the Government of Canada, and the Senate in particular, intend to make the use of marihuana legal and to pardon all those found in possession of it or trafficking in it or otherwise dealing with this drug.

I hope if my remarks today do nothing else they will have the effect to bringing to the attention of the press, and to Canadians from coast to coast, the fact that it is neither the intention of the Government of Canada nor the intention of the Senate to legalize the use of marihuana or the use of any other drugs.

Now that the control of marihuana is to be placed under the Food and Drugs Act, surely it is the responsibility and duty of the Government of Canada and the governments of the provinces to inform, through advertisement or whatever other means of publicity, the citizenry of this country of the new research into the use of drugs including marihuana. Surely it is their combined duty to inform the citizens of this country of the dangers that can be inflicted by the continued long-term use, or even short-term use, of drugs including marihuana; to inform them of whatever dangers might exist for the next generation in the use of the drug so that these young people can benefit from this knowledge and will not continue under the false impression that marihuana is a harmless drug or that we as parliamentarians are softening our attitude and deciding that the drug is so harmless we should make it legal and pardon everybody who has possession of it or who traffics in it.

● (1420)

I want to support the report because I think the committee has done good work. It spent many long hours of work and has brought in a good report. I do not think that any report that they might have brought in would have pleased everybody; when they get to the stage that they can do that, they will no longer be senators.

As I have said, I support the report and I want to make it clear that if we adopt the report, we will not be voting for the legalization of marihuana in this country.

Hon. J. Harper Prowse: Honourable senators, it is not my intention to keep you for any length of time, but I want to speak on this report to help make clear what the committee attempted to do and what we hope we have to some degree achieved.

It was not our intention to make marihuana legal. Two things should be made perfectly clear. The first is that

every one of the substantial witnesses who appeared before us, who came and gave us opinions based on first-hand knowledge of the results of their researches, or researches that they had overseen, spoke to the effect that they were not ready to say that this is a harmless drug. Practically without exception every one of them said, "I have not used it nor do I intend using it." It served no purpose in their research to do so. Neither was any one of them prepared to take the risk that might be associated with its use. In other words, while they were not able to say it was harmful, or to what extent its use could be harmful. Not one of those substantial people who appeared before us was prepared to answer the question, "Is it harmless?" by saying, "Yes." They just would not give that answer. It seems to me that if they were not prepared to give that answer, then neither the committee nor the legislature has the right to tell the young people of this country who are being confused and who are experimenting with it that they can do so with impunity. There may or may not be some risk, but at this stage nobody can tell them that they can use it without risk.

The second thing that should be made perfectly clear is that out of every thousand people who use it, a certain percentage are going to get into trouble. It may simply be that they get into trouble because, being in a drug culture, they find it easy to get into other difficult situations. This is true of alcohol and of practically any other kind of drug you want to mention. Under those circumstances we were most anxious that anything we might say or do should not encourage anyone who otherwise had no intention of experimenting with this drug to take the risk and do so, because until a person tries it he does not know whether he will get into trouble or whether he can experiment with it with safety. The best advice we can give people, and we hope that this is reflected in our report, is to leave the drug alone. However, people being what they are, they will not all leave it alone and so we have another problem to deal with.

Honourable senators, we have been convicting about 22,000 or 24,000 a year, the vast majority of them being young people, for simple possession of small amounts of marihuana obviously intended for their own use. Now, it is obvious that a single experiment with marihuana is neither going to damn a person's immortal soul nor destroy his health. We do not know what damage might result from its continuous use, but we do know that one single experimentation is not going to do anybody any real damage. But, under the law as it now stands and as it will stand until a change is brought about, if a person gets caught with marihuana in his possession he runs the risk of incurring a criminal record which could follow him to his grave. It could interfere with every plan he might have or that anyone else might have for him. A criminal conviction could jeopardize his chances of ever becoming a member of any professional group in this country; it could close the door to him forever for all kinds of development; it could wreck his hopes for happiness in achieving certain goals and in making a contribution to society which he could otherwise make. It seemed that in many instances the severity of the penalties was doing damage far in excess of that which was done by a single or occasional

use of marihuana in what I call "adolescent experimentation."

We have taken certain steps. First of all, we have increased the maximum penalty for trafficking. The penalties for simple possession, though not great, are still there. For a first offence, a person is liable to a fine of not more than \$500 or, in default of payment, to imprisonment for not more than three months; for a subsequent offence he is liable to a fine of not more than \$1,000 or, in default of payment, to imprisonment for not more than six months. So, there are no minimums for simple possession. This is because we felt that we should leave to the courts and to the judges the responsibility for dealing with each case in a way that would best serve the interests of the individual. We wanted to make it possible for a first offender to avoid a criminal record. We wanted to save the accused from going through life with a criminal record for a first offence of possession of marihuana where he has been discharged by the court. It should be made clear that getting rid of a criminal record will not be automatic nor will it apply in every instance. It will apply only in those cases where the judge hearing the case, or an appellate court reviewing his decision, comes to the conclusion that it is in the interests of the individual that a conviction not be registered and that the accused be given an absolute discharge, provided that in doing so it does no harm to society. In other words, a judge cannot grant these absolute discharges as though they are free gifts to be given away on Dominion Day, but he has a right to grant them where he deems it advisable. If he feels that something more serious is involved than mere adolescent experimentation, he has the power to impose certain penalties.

● (1430)

We are most anxious to give no encouragement to traffickers. That is why the word "give," which has caused some members of this house so much concern, is found in the definition of trafficking. It has been said, "This will catch the fellow who has a cigarette, and who is going to give his friend half of it or a drag on it. Surely that is not trafficking."

Honourable senators, let me tell you, as a defence lawyer, that I am satisfied that if the word "give" were removed from the definition of trafficking I could, on behalf of a client I might be defending, drive an army truck full of hashish right through the provisions prohibiting it in the Criminal Code. The removal of that word would open it up that much to any reasonably competent defence lawyer.

The presence of that word, however, places on the judge the responsibility of deciding how serious the offence is. If a young, foolish person, who has a life of promise before him, is found guilty of trafficking because he comes within this strict wording—which is provided to give the police the machinery necessary to catch the commercial trafficker—the judge may, because there is no minimum sentence, give that person an absolute discharge.

Senator Flynn: No, no pardon.

Senator Prowse: The honourable senator, with all respect, had every opportunity of attending the committee meetings. If he wanted to stay away, and insists on shouting out his ignorance, that is his privilege, and he is free to exercise it.

Senator Flynn: I say that you are wrong when you say that the judge can give exactly the same sentence for trafficking as for simple possession. That is what I am saying.

Senator Prowse: I said that we took the minimums out so that in a proper case the judge will not have to say, as judges have so often said in the past, that unfortunately his hands are tied; that technically the Crown has proved every element necessary to find the accused guilty; and that is what he had to do. Under this new law he can exercise the right he has under section 662(1) of the Criminal Code. At the present time the judge can give an absolute discharge, or he can make it a conditional discharge as well. So we have taken care, I think, to prevent the law, because of the severity which must be there for some persons, from causing greater damage than the harm it was intended to prevent—and this is what has been happening in some instances up to now.

This bill before us has been studied in the light of the evidence heard before the Le Dain Commission, which was the latest available. When the study began, I had a feeling that certain things had to be done, as did many other honourable senators. As a result of the evidence the committee heard, I now have something more than a feeling. I am now satisfied in my own mind that I know what we are doing, and why we are doing it, and I am convinced that in the circumstances this legislation is the very best that we can hope to have at this time.

It may be that continuing research into this question will provide us with additional information so that in the future we may consider it desirable to make further amendments. In the meantime, I ask this house, as speedily as possible, in the interests of the young people of this country and of the law enforcement agencies, to pass this bill, so that it may proceed to where it can be applied by the courts in which we have so much confidence.

Hon. George C. van Roggen: Honourable senators, I had not intended to speak on this matter, but at the risk of being repetitious I should like to say a few words with regard to the question of the record being expunged automatically.

The headlines that Senator Bonnell referred to are not to be unexpected, because the press seldom gets anything straight. This is simply another example of where they have not taken the trouble to examine the wholly technical fault in our law, which I think Senator Goldenberg and his committee are to be congratulated for dealing with in this report, not only in so far as marihuana is concerned in this bill but also in so far as the criminal law generally is concerned.

The point I should like to bring to the attention of honourable senators is that the provisions of section 662(1) of the Criminal Code, providing that a judge may if he so wishes—and it is the judge's decision—give an absolute or conditional discharge, applies not just to people who are before him on a charge of marihuana but also to accused who are before the courts on any charge under the Criminal Code which calls for a sentence of less than 14 years. There are therefore an infinite number of charges under the Criminal Code with regard to which a judge can give an absolute or conditional discharge to the accused.

[Senator Prowse.]

It is the judge's decision, based on the evidence and the uniqueness of the circumstances of the particular case, and it only applies to a first offence. The law is as it now stands because the draftsmen, in putting that section into the Criminal Code, I would submit, did not take sufficient care. It does not deal with the expunging of the record under the Criminal Records Act. Therefore, even though you are given an absolute discharge by the judge, who intends that you should go away a free man, albeit convicted, you still have to go through the administrative procedure of making an application to have the record expunged, or at least withdrawn, under the Criminal Records Act. All the committee is suggesting is that not only in this particular case of cannabis but in the Criminal Code generally, when a judge sees fit to give a first offender an absolute discharge, his record should be discharged automatically rather than his having to wait for approximately a year for the bureaucratic machinery to work.

Let me give you a simple example of the kind of hardship that this can bring to bear on an individual to whom the court has seen fit to grant an absolute discharge. I had defence counsel in Vancouver bring to my attention six months ago the case of a young man charged, not with possession of marihuana but with another offence under the Criminal Code. He was given an absolute discharge by the court for a first offence on a minor matter. Around that time he had been awarded a scholarship to an American university, but because of the delay in getting the record expunged under the Criminal Records Act his record stood and he was unable to accept the scholarship and pursue his studies at that university.

● (1440)

With respect to the headlines saying that we are giving automatic discharges to people convicted of marihuana offences, I would say that in so far as this particular recommendation is concerned the committee is to be commended for simply bringing it to the attention of the government and recommending that the procedure be set straight by removing an administrative anomaly from our criminal law.

Hon. Frederick William Rowe: Honourable senators, I do not propose to speak at any length, because I have expressed my views on previous occasions on this matter of marihuana and other drugs. However, there are one or two principles I deem it my duty to enunciate at this time.

Before doing so, I would like to express my congratulations to the committee which has for weeks been dealing with this matter. Without being invidious, may I say a special word of tribute to Senator Neiman, who introduced the bill in this house, and to Senator Goldenberg and Senator Laird, who have borne, I think, the brunt of the responsibility of handling this matter in committee. Then, of course, the members of the committee—I am not a member, so I can say this quite freely—did work assiduously and in a dedicated way to try to make the best of this matter. May I also say I have been impressed, as I am sure other senators have been impressed, by the quality and sincerity of the arguments that have been made in this debate.

I think it can be said, without fear of contradiction, that no member of the Senate has a vested interest in marihuana.

Senator Perrault: I hope not.

Senator Rowe: But every member of the Senate has a vested interest in protecting the young people of Canada, and all the children and grandchildren in the nation.

Having said all that, I want to add that I do not think the bill introduced here goes far enough. I do not think the amendments go far enough, but I feel that they probably go as far as it is reasonably practicable to go, having due regard for the feelings of the Canadian people generally at this time.

I am sure those associated with young people will agree with me that there is widespread resentment, widespread rebellion, among the young people, particularly over what they consider to be a discriminatory and hypocritical approach by the older people of Canada to this matter of marihuana. They feel that perhaps what we are doing is covering up our hidden guilt, our inner guilt, for failure to deal with other more important problems, certainly more serious problems, particularly the two greatest drug problems that we have—the use or abuse of tobacco and alcohol. In the minds of tens of thousands of young Canadians there is a resentment over our failure to tackle these other problems.

Let me put it this way: There is resentment over the fact that we have diverted so much of our resources—whether it be the space occupied in penitentiaries, or the time of the courts of justice and of policemen and detectives—to this fairly innocuous drug. I say “This fairly innocuous drug” because it is fairly innocuous when compared with the overwhelming seriousness of the alcohol problem in this nation.

Is it any wonder? How do you expect first year or second year students at the universities here in Ottawa to feel about this when they know that tens of thousands of Canadian homes and families are broken up because of alcohol, and we have done nothing about it? I do not speak as a zealot in this matter; I am a user of alcohol. How can we expect them to feel anything else but resentment, and to regard us as being at best hypocritical, when they know that 70 per cent of all the thousands of highway fatalities in this country are associated with alcohol; that the figures given a few months ago by the United States Department of Health, Education and Welfare—and nobody has disputed these figures—show that 60 per cent of all the murders in the United States are connected not with marihuana but with alcohol? Marihuana has not been generally associated with violence. There are tens of thousands of murders annually in the United States, and 60 per cent of them—and by implication this is true in Canada—are associated directly with alcohol.

I do not know the answer to that problem but I would suggest that that is a far greater problem than the one to which we have diverted so much of our resources in recent years.

Honourable senators, before I sit down, may I say I hope no one will misconstrue my remarks to indicate that I do not recognize the simple fact that the use of marihuana could be dangerous. I do not think there is any such thing

as a harmless use of a drug like marihuana, but I do feel that such a piecemeal approach as we have been taking in this matter is not the answer. This is an important matter, a serious matter, but it is relatively a small part of the great social problem of the abuse of drugs—marihuana, tobacco generally, alcohol and, let us not forget, the so-called “legitimate” or “respectable” drugs that thousands of our people are hooked on. Marihuana is one part of a great social problem, a problem about which we are doing virtually nothing.

Senator Goldenberg: Honourable senators, if I understand it correctly, by speaking now I am closing the debate on the motion for the adoption of the report.

The Hon. the Speaker: No, you are not closing the debate.

Senator Goldenberg: I will refrain from speaking now if I am not closing the debate.

An Hon. Senator: Question.

The Hon. the Speaker: The honourable senator may speak twice. He obtained leave yesterday, so the honourable senator may speak.

Senator Asselin: He does not want to speak.

Senator Flynn: Would Madam Speaker put the question?

The Hon. the Speaker: It is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Côtteau, that this report be now adopted.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Flynn: On division.

Motion agreed to and report adopted, on division.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Neiman: moved that the bill be placed on the Orders of the Day for third reading on Tuesday next.

Motion agreed to.

● (1450)

OCEAN DUMPING CONTROL BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Macnaughton for the second reading of Bill C-37, to provide for the control of dumping of wastes and other substances in the ocean.

Hon. Rhéal Bélisle: Honourable senators, in rising to take part in this debate I should like first of all to congratulate Senator Macnaughton for his presentation of the bill, which deals with a most complicated international problem. As I listened to him last night it dawned on me that we have at least one thing in common—both of us are located in polluted areas.

I recall reading not so long ago that the fish in the St. Lawrence and Ottawa rivers contain a high degree of mercury. Sudbury, which has no fame to claim for its

rivers and lakes, nevertheless has been a fishermen's paradise for many years. Unfortunately, as I learned from the newspapers last week, of 30 lakes within a radius of 100 miles of Sudbury, only six can any longer qualify for good fishing. They are polluted by either fumes from mining or industrial wastes.

Honourable senators, I am pleased to speak today on this important piece of legislation, because it is vital to the health of the oceans of the world and of our own endangered coastal areas. Land-based resources provide the largest percentage of pollution in the marine environment. Therefore, the control of this major pollution source is a significant step in the protection of the marine environment.

This is a matter which all parties in the other place have agreed is of substantial importance to Canada, and to the long-range development of a program to protect the ocean environment, forming, as it did, the basis of discussion at the recent Conference on the Law of the Sea in Geneva. That conference called for stringent international standards respecting the prevention of dumping wastes at sea. Bill C-37 must be viewed in the context of discussions at the Law of the Sea Conference, and in the context of the wider ramifications of a global treaty for the use and protection of the oceans.

By participating in the London Convention on the dumping of wastes, Canada has signified her intention of working with other countries to clean up the world's oceans. This legislation will allow Canada to meet her international obligations. With one of the longest coastlines in the world, Canada is particularly vulnerable to ocean pollution, a respecter of no political boundaries. Our northern waters present special problems of preservation which should make us particularly wary of indiscriminate dumping. We must attempt to ensure that the standards we seek to preserve for our coastline are encouraged on a worldwide basis, if we are to prevent further degradation of the world's seas.

This bill does not deal with the major substances likely to prove toxic to marine life by prohibiting their release into the ocean environment. It does attach conditions to other substances by means of a permit system, however, and provides for reasonably severe penalties for contravention of those conditions.

Let me raise a few concerns which have occurred to me in relation to some of the provisions of Bill C-37. For instance, how overriding is the control exercised by means of these permits? What happens to substances not dealt with in the schedules? In the granting of permits, the factors to be taken into account are highly technical and require considerable knowledge in the making of a judgment as to whether a permit should be granted. To state another example, I wonder if we know how much dumping has occurred, where it has occurred, and of what kind and leading to what cumulative effect. Concentrations of substances may have already been introduced into the marine environment which, although far below the lethal level, may be responsible for reducing vitality or growth, or may be responsible for causing reproductive failures or for interfering with the sensory functions of sensitive marine life. Such changes would not be immediately apparent and, unless the tolerance levels were ascertained

by a system of monitoring over a period of time, it would be difficult to attach the correct conditions to permit dumping.

The minister has complete discretion in the power to issue, vary, suspend or revoke permits, so that an onus is placed on the interpretation by the minister as to the stringency of conditions attached to permits.

Do we have enough scientific know-how to make these decisions, or should provision be made for back-up research, and the monitoring and surveillance of changing conditions in our coastal areas? Otherwise, how would it be possible to judge the effects of dumping or to distinguish sensitive marine ecologies from less vulnerable areas?

An especially important technical factor is the availability of other land-based methods of treatment, because alternative disposal must be an integral part of dumping control, as the minister mentioned in committee discussions. However, it is not clear that this problem has been adequately dealt with. If a habitual method of dumping at sea is banned then, unless other solutions are made available, pressure will remain to allow dumping privileges. Small municipalities, for example, may initially experience hardship because of the removal of their customary system of waste disposal which, traditionally, has been to dump the waste at sea by means of barges.

This leads into my next question which concerns the provincial role. The bill is binding on Canada and the provinces. There is no provision for consultation although, as I have pointed out, some municipalities may initially experience difficulties in conforming to the new requirements. I understand there have been some discussions with the provinces. However, it would seem imperative that these be conducted on an ongoing basis so that isolated coastal communities at least know what is required of them. In some cases these communities may in fact be the victims of wastes disposed in the sea, but as victims they will have no automatic recourse to be heard or compensated under the terms of this bill. The dumper has the mandatory right of appeal from a ministerial decision, but in the case of the public that right depends upon ministerial discretion—it is only if the minister deems it advisable that complaints by the public are given a hearing by the review agency. It is my feeling that the public is entitled to the right of review where its interests have been affected or grievously harmed. The United States legislation allows for public participation in the conviction of an offender.

Obviously, the choosing of this review agency is important. The bill certainly offers an appeal procedure that is more flexible than mere resort to the courts. However, the agency's strength will depend on its ability to maintain independence. I was gratified that the government acknowledged the need for the appointment of an independent chairman, and that will assist in ensuring the independence of this appeal agency.

I can understand that as an appeal agency, the review board cannot be expected to exercise any supervisory powers, but I feel it is unfortunate that a regulatory body was not provided for under the bill to carry out administrative functions concerned with surveillance and enforce-

ment, and to which enforcement officers could be attached.

● (1500)

An independent dumping authority would be able to give its undivided attention to controlling dumping, since arrangements under existing agencies such as those under the Ministry of Transport and the Department of National Defence are not presently geared to the policing action that would be required.

After all, honourable senators, the legal sanction of this bill depends on the enforcement function. It is also not clear how liaison will be provided by the Department of the Environment with activities connected with international control of dumping. I note that the Minister of the Environment is now the minister designated for administering the law, and I hope that the ministry will be able to exert a strong position on the national and the international scene.

I share the concern of my colleagues in the other place that the use of the word "deliberate" in the definition of dumping may pre-empt control over accidental dumping. What kind of assurances do we have that all "accidental" dumping will come to the attention of the authorities since the only requirement to report is in the case of "emergencies"? I question whether it will always be possible to differentiate after the fact as to whether dumping occurred as a result of emergency or was solely an expedient measure.

I welcome the amendments introduced in committee which I think have clarified some points raised during debate in the other place and in committee, particularly in relation to the publicizing and reporting procedures and to the provision that analysts and inspectors must be qualified for the purposes of this bill. I hope in our discussions that we will be able to close some of the loopholes that remain in this legislation, since it is in such an important substantive area that it is worth taking the time to ensure that it does in fact do what it purports to do.

Senator Macnaughton: Honourable senators—

The Hon. the Speaker: I must inform the Senate that if the Honourable Senator Macnaughton speaks now his speech will have the effect of closing the debate on second reading of this bill.

Senator Macnaughton: Honourable senators, the honourable senator opposite has raised a series of very interesting questions. While I could attempt to answer them, I know I would be doing so in an amateur way. I do not see why you should be content with amateur answers, when you can get expert answers to your questions in committee. Therefore, I propose, if this bill receives second reading, to move that it be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Macnaughton moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

JUDGES ACT AND CERTAIN ACTS IN RESPECT OF THE SUPREME COURTS OF NEWFOUNDLAND AND PRINCE EDWARD ISLAND

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Laird for second reading of Bill C-47, to amend the Judges Act and certain other acts for related purposes and in respect of the reconstitution of the Supreme Courts of Newfoundland and Prince Edward Island.

Hon. Martial Asselin: Honourable senators, I want first of all to thank the sponsor of Bill C-37, Senator Laird, for his excellent presentation of the principles involved in this bill.

[Translation]

I should like to add that this bill sanctions, as was said, extremely important principles concerning the appointment of judges, their salaries, and also certain details about the conduct of judges in certain circumstances.

However, we should be proud to have the best judicial system of all the countries where some democracy still exists. As you know, in certain countries, lower court judges are elected by popular vote, and I do not feel it is the best way to have an independent judicial system.

Fortunately, in Canada, section 99 of our Constitution recognizes specifically the importance of the principle of independence of judges by setting their retirement age at 75, insisting on good conduct during their mandate, and their removal only on the request of both houses.

We are fortunate in this country to have a judiciary which is independent of the executive and the legislative power. This, I think, further sanctions the independence of mind and the discretion of judges in the discharge of their duties. It was said during the debate last night—and Senator Walker mentioned it—that because of their responsibilities, judges must be free of any financial concerns. Their workload prevents them, as you know, from seeking financial gains elsewhere. The restrictions on their financial assets are such that I think I can fairly say that at least four out of five judges live on their salaries alone without relying on other incomes, and while discharging their responsibilities they may have a family to support, and they may have long and short term financial obligations into which they entered before their appointment. If we want to attract to the bench highly competent, talented and qualified lawyers, I think they must be paid a reasonable salary. Thus, they would have some peace of mind in the important tasks they must perform for society.

Now, judges have had no increase since October 1971. I find the proposed salary increases extremely reasonable when one considers that the cost of living went up 32.8 per cent between September 1, 1971 and March 1, 1975.

● (1510)

[English]

If we look at the increases in the salaries of the judges of the different courts, I think it is evident that the government has kept the average to about 32.8 per cent. The Chief Justice of Canada will receive \$68,000, an increase of 36 per cent. Other judges of the Supreme Court of Canada will receive \$63,000, an increase of 40 per cent. The Chief Justice and Associate Chief Justice of the Federal Court will receive \$58,000, an increase of 32 per cent. The chief justice and associate chief justices of provincial superior courts will receive \$58,000, an increase of 38 per cent. Judges of territorial courts will receive \$56,000, an increase of 40 per cent. Other judges of the Federal Court will receive \$53,000, an increase of 33 per cent. Other judges of provincial superior courts will receive \$53,000, an increase of 38 per cent. Chief judges of county and district courts will receive \$44,000, an increase of 46.7 per cent.

I spoke about this latter increase to Senator Walker last night, and he said it might be too much. However, they will receive \$44,000, an increase of 46.7 per cent. Other judges of county and district courts will receive \$40,000, an increase of 43 per cent.

I think these increases are very reasonable, and we on this side of the house support them.

[Translation]

If we do not pay our judges higher salaries, fewer and fewer competent lawyers will accept appointment to the bench. There is simply too much difference between what qualified lawyers can earn in private practice and what judges are making at the present time.

It would be extremely deplorable if we were led to believe that only those lawyers who do not succeed in private practice accept appointments to the bench. In Quebec, the bill provides for the appointment of four additional judges to the Superior Court. After discussing the matter with colleagues, as well as with judges of the Superior Court, I feel that number is still inadequate since the rolls of our superior courts are extremely heavy; long delays are inevitable before cases can be brought before the court. The provinces authorize increases in the number of judges appointed to their superior courts; to my mind, if the province of Quebec granted permission to increase the number of judges of the Superior Court to eight, this would meet the needs of the chief justices since, as I said a while moment ago, their workload is extremely heavy.

[English]

Another provision of this bill deals with annuities for judges and deceased judges' spouses. The bill proposes no change in the present rate of the pension payable to a judge upon retirement, which is two-thirds of his terminal salary, but does propose that the pension of a deceased judge's spouse be increased from the existing one-third of the judge's pension to one-half of that pension. This increase would bring the rate of a widowed spouse's pension more closely into line with that under many other pension plans. The new pension rate would be applicable not only to future cases but as well to spouses now in receipt of pensions. There are some 88 judges' spouses who are now receiving pensions of less than \$5,000 per annum

[Senator Asselin.]

and the increase will go some distance to alleviating the economic hardship in such cases.

While the bill does not introduce any contributory feature for the pension plan provided for judges and their dependents, it is intended to review the policy on pensions before the Judges Act is next amended with a view to considering the appropriateness and feasibility of introducing a contributory element so as to bring the plan into line with the federal government's general policy on pensions.

I hope that when the government studies the new system of pensions for spouses of deceased senators and retired senators, they will accord it the same treatment as has been given to pensions for spouses of deceased judges.

[Translation]

I also believe the government established a new organization providing that there will also be in the future a Canadian Judicial Council that will be empowered, when requested by the Minister of Justice, to inquire into matters submitted either by the Canadian Bar Association or individuals, and to report to the Minister of Justice in order to review the manner in which judges must perform their duties.

I believe this is an excellent idea. The aim is not to create a police force that would supervise the judges' work. I believe, however, that increasing numbers of people in our society are criticizing judges, and accusing them with little or no reason. So these people will have an opportunity to air their complaints to the minister. In cases where the latter feels this is needed, he will ask the Canadian Judicial Council to make an independent inquiry and submit a report to the minister.

In my view, it would have been better to introduce cost-of-living indexing after the end of a three-year period of salary increase, as was done for members of Parliament. I believe it is humiliating for judges to have their salaries debated, as in the past and as was recently the case by members of the other place. It often happens that people do not understand the judges' role in our society. I think it would have been preferable to have introduced cost-of-living indexing into the act in order that increases would automatically follow the cost-of-living index. I also believe that an independent board or commission should make recommendations to the government on judges' salaries. The courts, in my view, should be considered an extremely important body. The dignity and integrity of judges must be respected, and I believe it would be more acceptable to the people if an independent group, non-partisan people respected by the public, were to make recommendations to the government on judges' salaries.

[English]

We have no objection to this bill being referred to the appropriate committee of the Senate. I spoke with Senator Laird last night, and he told me that he is ready to refer this bill to a committee for consideration next week. The Opposition agrees with this, and if a motion is introduced in the Senate to refer the bill to committee we will vote for it.

Hon. Keith Laird: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Laird speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Laird: Honourable senators, there is really no need for me to say any more than about three sentences.

First of all, I am very grateful to two distinguished lawyers, Senator Asselin and Senator Walker, who have obviously analyzed this bill and come to the conclusion that it does have merit.

● (1520)

I will add this with respect to the point of view just expressed by Senator Asselin, that it has merit as a more appropriate manner of dealing with the remuneration of judges. I trust consideration will be given to this at the appropriate time, which I hope is not too far into the future.

In the meantime, it is proposed that only one witness, who happens to be the widow of a judge who died many years ago, will appear before the committee. A sort of special problem arises with respect to her and many others. I understand there are some 200 altogether. I had no idea that there were so many in this particular category.

In any event, having that in mind, and even though there is unanimity respecting this bill, honourable senators will understand why there is no alternative but to refer it to a committee. Therefore, if the bill is given second reading, it is my intention to move that it be referred to the appropriate committee for consideration.

Senator Flynn: Honourable senators, may I put a question to the honourable sponsor of the bill? I appreciate why the bill should go to committee, but does Senator Laird realize that the committee will not be able to do more than what is provided in the bill for the widows.

Senator Laird: I do, naturally, and there is merit in the suggestion that the bill need not go to a committee. However, I suppose that if there are people who wish to be heard, we should give them the opportunity if it is at all possible.

Senator Langlois: Then the grievance is put on the public record.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Laird moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

PRIVATE BILL

ALLIANCE SECURITY & INVESTIGATION, LTD.—SECOND READING

Hon. Jacques Flynn moved the second reading of Bill S-26, respecting Alliance Security & Investigation, Ltd.

[Translation]

He said: Honourable senators, this bill aims at restoring the charter of Alliance Security & Investigation, Ltd.

This company obtained its letters patent in 1964. It got additional letters patent in 1965 and operated without any problem until 1967.

At that time some facts were not very clear. A notice was published in the official *Gazette* on June 17, 1967, and on June 22, 1968, a year later, to the effect that the charter had been cancelled for failure to produce the annual returns required under the act. Strangely enough, it seems that the returns to be filed with the Secretary of the Province of Quebec were indeed filed. Why were those for the federal department not filed? No one seems to know. Anyway, they have not been found at the department.

The company therefore got in touch with the Consumer and Corporate Affairs Department to try to find an answer to the problem. They received from the department as well as from their own lawyer a notice saying that the solution was simple; it was only a matter of obtaining letters patent incorporating another company which would simply succeed the original company, and this is how the letters patent incorporating the Alliance Security and Investigation, Ltd., in 1968, were issued under date of August 16, 1968.

But the problem was that the relatively large assets of the company—about \$500,000, I understand—were not transferred automatically to the new company. In fact, the shareholders were supposed to have received the assets; the assets were deemed to have been distributed among the shareholders, who had to consider the part made up by the accumulated surplus as income, and, consequently, to pay taxes on this surplus before it could be transferred to the new company.

Under the circumstances, to avoid a completely unfair situation, the only solution was to introduce this bill which cancels the dissolution notices and presumes that the company has not stopped operating since the date of the dissolution notices of 1967 and 1968.

This is the information that I have received from the lawyers of the petitioners. Anyway, as this bill must be referred to the committee, if the members of the committee wish to have further information, the petitioners and their lawyers will be there to provide it.

Under the circumstances, I therefore move second reading of this bill. The committee will have the opportunity to inquire further into the facts on which this bill is based.

Senator Langlois: Honourable senators, a simple question. Perhaps I should put it to the committee, but could not this situation have been corrected under the new legislation that is now before Parliament? There might have been a period of time after the cancellation of the letters patent of the corporation during which it continued to exist, and the object of this bill might be to legalize any action taken during that time. If Senator Flynn refers this bill to the committee, I shall be glad to get the answer there.

Senator Flynn: I think the final answer can be given to Senator Langlois by the committee. As for me, if I understand the new legislation correctly, that problem could be

settled under the new act. But the corporation is governed by the old legislation. The new act cannot apply to a corporation that was dissolved under the provisions of the old legislation, and I think that the time limit within which it would have been possible to revive the company has run out because the interested parties thought that by obtaining new letters patent the situation would be straightened out. Unfortunately they were wrong and, according to my information, wrong advice given at the time by the department and attorneys is to blame.

● (1530)

[English]

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Flynn moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

BRITISH NORTH AMERICA ACTS, 1867 TO 1975

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. George McIlraith moved the second reading of Bill C-3, to amend the British North America Acts, 1867 to 1975.

He said: Honourable senators, this short bill has a direct and obvious purpose. It is simply to provide for the representation in this chamber of a senator from the Northwest Territories and a senator from the Yukon Territory. This seems to be a logical sequence to the recent action taken by Parliament in providing for representation in the other place for an additional member from the Northwest Territories. I do not see that much can usefully be said in addition to what I have already said on the point about the contents of the bill, except to say that clause 2 simply makes it clear that such appointees to the Senate must reside in the Northwest Territories and the Yukon, as the case may be, and must have the corresponding property-holding requirements as senators from any of the provinces in Canada.

The bill is short. I am in the hands of the Senate as to whether it should be referred to a standing committee. I am agreeable to its going there, if that is what senators wish, but I do not think it needs to. I shall do whatever is the wish of the house.

On motion of Senator Grosart, debate adjourned.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Sparrow, seconded by the Honourable Senator Cameron, for the adoption of the Report of the Standing Senate Committee on National Finance

[Senator Flynn.]

on the Estimates laid before Parliament for the fiscal year ending the 31st March, 1976.—(Honourable Senator Flynn, P.C.).

Hon. Allister Grosart: Honourable senators, Senator Flynn has indicated to me that he adjourned the debate so that I might participate at this time. I ask leave to proceed.

Hon. Senators: Agreed.

Senator Grosart: Honourable senators, it may seem odd, in the timetable of the passage of the estimates, for us to be still discussing them at this stage. On the other hand, we now know that we are to have a new budget very shortly. As I will indicate, the budget itself may have some important consequences on the main estimates as they were put before us and considered by the National Finance Committee.

In presenting the report of the committee, Senator Sparrow, the acting chairman, ended his remarks with these words:

It is incumbent upon all of us to ask for spending restraints in these times of high inflation, high unemployment and the potential loss of foreign markets.

I am sorry to say that the evidence in the main estimates, and a good deal of subsequent evidence, makes it clear that we may ask all we like, and as often as we like, for restraint in federal government spending, but there is not the slightest chance in the world that there will be any restraint. I say that with the full knowledge that the President of the Treasury Board, when before the committee, said that it was his hope—I am sure it was his serious hope, but nevertheless a fond hope—that he would be able to restrain the increase, as indicated in the main estimates spending, to 16 per cent.

Perhaps it is a comment on the times that we should have a government telling us that they might be able to restrain the spending increase to 16 per cent. I am quite sure there is not the slightest chance in the world that they will. That suggested restraint—or so-called restraint—compares with a 23.7 per cent increase in the year before last, and a 28.2 per cent increase last year. If that rate of increase, which I am sure will be repeated this year, goes on for yet another year, it will mean that in a four-year span government spending will have doubled. Even so, that is a fairly conservative prediction. The figures I have given are of increases from main budgetary estimates to main budgetary estimates. To these we must yet add loans, investments and advances, and then, in due course, the supplementaries.

What stands out in my consideration of the main estimates is the fact that they represent only part, and are far from being the whole, of known government spending intentions. I emphasize the word "known," because there are known expenses or spending intentions which do not appear in the main estimates. There are reasons given for that, of course, but I can only emphasize that when we have a report from the committee which says that government spending this year is expected to be \$28.2 billion, the fact is that the government already knows that it is going to be spending billions of dollars more than that.

I say "billions" because we have the evidence before us. The main estimates last year, which were discussed in our committee and presented here, indicated that the budget-

ary expenditures would be \$22 billion. The estimates added some non-budgetary expenditures, bringing the budgetary total up to \$23.2 billion. Then, in the course of the year, another \$5 billion was added in supplementary estimates. Just to indicate the unrealism of the figures put before us, the increase, main budgetary estimates to main budgetary estimates, is no less than \$6 billion this year.

I say this to support the statement that I see no evidence whatsoever of restraint in federal government spending. If there is the same magnitude of increase this year as there was last year, we will end up with a figure of government spending of not \$28.2 billion but \$36 billion or more. This is on the assumption that the loans, investments and advances will be about as indicated, and that the supplementaries will be about the same as last year. But there is some indication that they will be more.

● (1540)

The main estimates make no provision whatever for the deficit in the old age security fund. Last year it amounted to \$400 million. For many years it was in balance. This phenomenon of the old age security fund being out of balance is a new one for us. What that figure will amount to this year, I do not know, but it will be substantially more, and that has not been provided for in the estimates.

Last year the unemployment insurance fund deficit was over \$900 million, and the main estimates provide for a deficit this year of \$890 million. Yet all the evidence is that the deficit is going to be over \$2 billion, and this despite the fact that the hopeful provision in the main estimates is for less than \$1 billion.

Honourable senators, when we look at these figures it is fair to ask: Where does the money go? In fairness, I should say that all of the expenditures, and all of the increased expenditures, are not necessarily avoidable. I do not want to be misunderstood or to be taken as suggesting that every increase in expenditure could have been avoided. An obvious example is the very substantial apparent increase in government spending related to the oil equalization subsidy programs. As is well known, this is a program by which a tax is imposed upon exports of oil, and the revenues from that are used to equalize the consumer cost of oil across the country. It is proper say that this is a bookkeeping item because it is the American taxpayer who is paying that billion and more dollars for the equalization. So there are such items. No one will complain greatly if the family allowances estimates are up, as they are, and there are other items, of course, where the increase is understandable.

However, I say again that we see no evidence of deliberate restraint in other items where restraint can be exercised. I know it is the custom for those who object to this kind of statement to say, "Well, tell us where you would cut," the purpose being, of course, to put anybody who suggests restraint on the spot. I am not going to indicate my answer to that at the present time. I would simply refer anybody who is interested to scores of statements by economists and learned societies, all of whom have listed their own suggestions for justifiable cuts in government spending. There is no dearth of advice to the government on that but, unfortunately, there is no likelihood of that advice being taken.

Where does the money go? The oil subsidy program, of course, is one place. There are also, of course, fiscal transfers to the provinces amounting to, I think, well over \$2 billion. Again, it would not be fair to charge this to federal government spending because actually the money is spent by the provinces. The federal government merely collects the money. But even making these exceptions, we still have what to me is an intolerable increase in federal government spending this year.

I have mentioned the oil subsidy program and the fiscal transfers to provinces, the latter being part of the item of \$4.6 billion for economic support. The largest single standing item is in health and welfare, and the other items in what are called the eleven traditional categories of government spending are as follows:

| | (\$ Billions) |
|--------------------------------------|---------------|
| Health and Welfare | 7.8 |
| Public Debt | 3.5 |
| Defence | 2.8 |
| Transport and Communications | 2.0 |
| General Government Services | 1.4 |
| Internal Overhead Expenditures | 1.1 |
| Foreign Affairs | 0.7 |
| Cultural and Recreational Activities | 0.7 |
| Educational Assistance at | |
| Post-secondary Level | 0.67 |

The public debt is going up all the time.

I point out that the committee report once again criticizes an extraordinary item under Foreign Affairs, and that is the non-lapsing authority of the funds that have been appropriated for CIDA, the Canadian International Development Agency. It is an extraordinary thing that any crown corporation, agency or government department should be permitted to carry over non-spent funds year after year when the requirement of the Financial Administration Act is that this should not happen. How does it happen? Well, there was an appropriation act in 1965, and it is on the authority of that appropriation act—not a regular act of Parliament—that CIDA keeps all appropriated money every year knowing they are not going to spend it in that year, and spends money that is appropriated this year sooner or later at their discretion. I mention this because there have been serious criticisms of the general operations of CIDA, and it is my view that this kind of negligence on the part of government management is one of the causes of that criticism and some of the troubles. If CIDA were required to turn back the money it has not spent, it would certainly be in a much better position to examine the efficiency of its operations.

I have mentioned the old age security account. There is no provision for the deficit, whatever it may be. The reason for that, of course, is that the act requires that the deficit be assessed at the end of the year, and there is no way of knowing what it will be until the end of the year. However, there is to be a rather interesting change in financial management. We were told in committee that it is the intention of the government to incorporate the old age security fund in the general revenues, so that presumably next year we will have that kind of provision in the main estimates.

Honourable senators may be interested in knowing that the total payout last year of the old age security fund was

\$4 billion, covering almost two million Canadians. Fifty-nine per cent of those beneficiaries were in receipt of the guaranteed income supplement. This is a remarkable figure because, as you are aware, the guaranteed income supplement was the result of a recommendation by a committee of the Senate. At that time nobody could have even guessed that as high as 59 per cent of all old-age pensioners would be in a position to qualify on a needs basis for a supplement to the old age pension.

● (1550)

The CBC situation, which comes into these estimates, is also interesting. The operating deficit this year is \$353 million.

Senator McDonald: Sell it.

Senator Grosart: I hoped that Senator McDonald would perhaps contribute some such suggestion, because I think a good case could be made out for it.

Senator McDonald: I would give it away.

Senator Grosart: A case can be made out against it too, of course, but anyway the fact is that the CBC deficit is \$353 million.

There are other deficits of crown corporations which may interest honourable senators. Here are a few: Atomic Energy of Canada, \$94 million; the National Capital Commission, \$41 million; and the Cape Breton Development Corporation, \$28 million. From the reaction on my left, I imagine that would be perfectly justified.

Senator Macdonald: More than justified.

Senator Grosart: Then we have the National Arts Centre with a deficit of \$7 million; the Crown Credit Corporation, \$5 million; and—this surprises me, because I did not realize it was still in existence—the Company of Young Canadians, \$5 million.

Senator Fournier (Madawaska-Restigouche): How about the CNR?

Senator Grosart: The CNR is not in this category of crown corporations. I know of nobody in the house who is more of an expert on the cost of the CNR to the taxpayers, even though it does not appear in that form, or in total form, in the estimates, than Senator Fournier, and I hope that now that he is back with us he will renew his watchdog role in connection with all our national railways.

The case for restraint is based on the fact that the take by all levels of government—federal, provincial and municipal—out of the national productivity is now well over 40 per cent. This is a serious problem, and it is becoming increasingly serious as that percentage rises, because, speaking generally, it is a fact that national productivity comes mainly from the private sector. The public sector does add some productivity, but it is a very small proportion in relationship to that of the private sector.

When we face the facts—and perhaps we will hear from Senator Lamontagne later on this—we find that the major facing our economy today is our failure to maintain regular increases in national productivity. This is a long term problem. In fact, the level of increase in productivity over

[Senator Grosart.]

the last 20 years has been disappointing, and continues to be disappointing.

We have other problems which point out how essential restraint in government spending is. The evidence is everywhere than non-restraint in government spending—and I am not merely speaking of the federal government, although it happens to be the leader in increased spending at the moment—is a major, if not the major, contributor to inflation. We have the dual problem. Like everybody else, the federal government says, "We need to spend more money because it is not the same money but, on the other hand, we do not like inflation." Yet the evidence is abundant on all sides, and the government has been told so over and over again that government spending is a major factor, if not the major factor, in the problems facing our economy, as it attempts to pull out of the recession of the last few years.

At the present moment the level of economic activity in Canada is less, when adjustment is made for inflation, than it was a year ago. Unemployment is likely to reach levels we have not seen since the thirties. Our merchandise trade account is deteriorating rapidly, and, as I said, there is, despite temporary cycles, a steady decline in overall growth of productivity lasting over many years.

I have suggested that there is abundant evidence that the federal government, and other governments, are major contributors to inflation. I would like to quote as one source, which is quite typical, the Canadian Economic Policy Committee, which is completely impartial, made up as it is of a few representatives of government, some from business, some from labour, some public servants, and experts of various kinds. In a recent publication it said this:

One of the principal causes of our current problems is a lack of restraint on the rate of growth in total government expenditures. The fact is that the rate of growth in total government expenditures over recent years is unsustainable without serious inflation. Specifically, the target should be that total spending on goods and services by governments at all levels should not be allowed to expand at a rate more rapid than the overall growth potential of the economy.

This is in fact what the Standing Senate Committee on National Finance has been urging for at least five or six years to my knowledge, although in somewhat different terms but based on essentially the same principle, namely, that the government should not try to take out of the economy each year any more than the economy itself produces; otherwise, the result is bankruptcy. Governments do not go bankrupt in the same way as firms do, but governments around the world today are going bankrupt. I am not suggesting that we will, since we are in the fortunate position of having one of the strongest economies in the world. And why not? We have a net self-sufficiency in oil, and we have resources which are the envy of the world. In fact, one wonders why we have any problems at all. People of other countries, to whom we talk from time to time, just cannot believe that a country with apparently everything going for it, such as Canada, still has serious economic problems.

I have said that the difference between the main budgetary estimates, plus the loans, investments and advances, of

last year and those of the year before was between \$23 billion and \$28 billion. In other words, last year there was an increase of \$5 billion. There is a prediction that this year will be \$6 billion, but who knows?

I think one of the problems that faces us in the Senate is that we look only at the main estimates. According to our rules, the main estimates are referred to the Standing Senate Committee on National Finance, and the committee reports back. This, according to our current theory, absolves the Senate from any great responsibility of taking too hard a look at the estimates. Unfortunately we do not, as a normal practice, refer the public accounts—that is, the national accounts—or the auditor general's report, to that committee.

This has sometimes surprised me, and I think the acting Leader of the Government, with his usual care for such matters, will be interested when I say to him that this is another of those cases where we pay no attention whatsoever to our rules. Our rules require that the national accounts and the auditor general's report be referred—the word is “shall”—to that committee. I am aware that the Rules Committee is now considering a complete revision of the rules. I sometimes wonder if we should suggest to them that it might be well to have an appendix attached to the rules, saying, “The following rules are in the rule book, but we do not keep them and we have no intention of keeping them.”

Perhaps, in due course, the acting Leader of the Government will take this matter up—I hope he will—and find out if there is some reason why for all these years we have paid no attention to rule 67(h). I shall not bother to read it, but I think, in the light of what I have said, that it lays an imperative upon us.

● (1600)

Honourable senators, I conclude by calling to your attention once again the very wise words of Senator Sparrow in presenting the report:

It is incumbent on all of us to ask for spending restraints in these times of high inflation, high unemployment and the potential loss of foreign markets.

I am not going to suggest that the asking will do any good, but it never does any harm to ask.

Senator Langlois: Honourable senators, due to the lateness of the hour and the fact that we have at least one committee meeting after the Senate rises this afternoon, I move the adjournment of the debate.

On motion of Senator Langlois, debate adjourned.

PRIVATE BILL

NATIONAL COMMERCIAL BANK OF CANADA—REPORT OF COMMITTEE PRESENTED

Leave having been given to revert to Reports of Committees:

Senator Macnaughton, for Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, June 11, 1975.

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill S-24,

intituled: “An Act to incorporate the National Commercial Bank of Canada”, has, in obedience to the Order of Reference of May 27, 1975, examined the said Bill and now reports the same with the following amendments:

1. *Page 1:* Strike out lines 26 to 28, inclusive, and substitute therefor the following:

“of Canadian Commercial and Industrial Bank and the French name of Banque Commerciale et Industrielle du Canada, hereinafter called”

2. *Page 2:* Strike out the name “National Commercial Bank of Canada” where it appears in clause 5 and substitute therefor the following:

“Canadian Commercial and Industrial Bank”

3. *Page 2:* Strike out the name “Banque Nationale de Commerce du Canada” where it appears in clause 5 and substitute therefor the following:

“Banque Commerciale et Industrielle du Canada”

4. *In the title:* Strike out the words “National Commercial Bank of Canada” and substitute therefor the words “Canadian Commercial and Industrial Bank”

Respectfully submitted,

Salter A. Hayden,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Macnaughton: Honourable senators, with leave of the Senate, seconded by Senator Fournier (de Lanaudière), I move that this report be adopted now.

Senator Grosart: No.

The Hon. the Speaker: Honourable senators, the house has heard the motion. Is there unanimous consent?

Senator Grosart: No. Under our rules, I am not giving leave. Your Honour, leave has been refused.

The Hon. the Speaker: Honourable senators, it is moved by Senator Macnaughton, seconded by Senator Fournier (de Lanaudière), that the report be taken into consideration at the next sitting of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and report placed on the Orders of the Day for consideration at the next sitting.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, before moving the adjournment of the house I would like to make two announcements. The first concerns a meeting of the Standing Senate Committee on Health, Welfare and Science tomorrow morning at 9.30, in room 356-S. The committee will be considering Bill C-37, to provide for the control of dumping of wastes and other substances in the ocean. This committee notice has not been given before, but I understand it will be in the mail tonight.

The second announcement concerns the *in camera* meeting of the Standing Senate Committee on Transport and Communications in room 356-S. The committee is considering its draft report on the televised program "Les Beaux Dimanches" and will sit when the Senate rises.

Senator Asselin: Immediately?

Senator Langlois: Yes.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 12, 1975

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Stollery had been substituted for that of Miss Nicholson, and that the name of Mr. Haidasz had been substituted for that of Mr. Kaplan on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Order in Council P.C. 1975-342, dated February 20, 1975, amending a direction to the Canadian Radio-Television Commission concerning foreign ownership, pursuant to section 27(2) of the *Broadcasting Act*, Chapter B-11, R.S.C., 1970.

HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Phillips be substituted for that of the Honourable Senator Choquette on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

PRINTING OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Fournier (*Madawaska-Restigouche*) and Welch be substituted for those of the Honourable Senators Beaubien and Macdonald on the list of senators serving on the Standing Joint Committee on the Printing of Parliament; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Prowse be substituted for that of the Honourable Senator Thompson on the list of senators serving on the Special Joint Committee on Immigration Policy; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

● (1410)

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Foreign Affairs have power to sit while the Senate is sitting on Wednesday, June 25, 1975, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, June 17, at 8 o'clock in the evening.

I shall now give the usual brief outline of what can be expected for the coming week. First, the committee meetings. On Tuesday, the Standing Senate Committee on Legal and Constitutional Affairs will meet at 11 o'clock in the forenoon to consider Bill C-47, to amend the Judges Act. At the same time there will be a meeting of the Special Joint Committee on Employer-Employee Relations in the Public Service. At 2 o'clock in the afternoon the Standing Senate Committee on Agriculture will meet to consider Bill C-19, dealing with two-price wheat.

A meeting of the Standing Senate Committee on Banking, Trade and Commerce has been scheduled for 9.30 on Wednesday morning to continue the advance study of Bill C-60, the bankruptcy bill. At 9.30 a.m. on Wednesday there will be a meeting of the Standing Senate Committee on National Finance on the Manpower estimates.

On Thursday, the Standing Senate Committee on National Finance will hold another meeting on the Manpower estimates at 9.30 a.m. Also at 9.30 a.m. the Standing Senate Committee on Agriculture will meet again on Bill

C-19. The Special Joint Committee on Employer-Employee Relations in the Public Service has scheduled a meeting for 3.30 on Thursday afternoon.

In the Senate we will continue with the items on the Order Paper and such bills as may be reported from committee. In addition, I believe we can expect that at least one bill will come to us from the other place.

Motion agreed to.

BRITISH NORTH AMERICA ACTS, 1867 TO 1975

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on second reading of Bill C-3, to amend the British North America Acts, 1867 to 1975.

Hon. Allister Grosart: Honourable senators, it may be merely coincidental, but this bill, designated as Bill C-3, is similar in purpose and in title to a bill that I had the honour of introducing in the Senate two and a half years ago as Bill S-3. There is a long history to this bill. A similar bill was introduced originally in the other place by the honourable member for the Yukon. The bill that I introduced here was not dealt with in the normal way, for reasons that I imagine concerned the wisdom or otherwise of the management of the business of the Senate. The end result is that, whatever the reasons may have been, this very important measure has been delayed some two and a half years.

I had hoped at the time I introduced the similar bill that it might have been dealt with much sooner so that this very necessary reform, involving the composition of the Senate, could have been proceeded with at that time.

The bill in its present form is the subject of the usual message from His Excellency the Administrator, recommending to the House of Commons an increase in the maximum number of Senate seats from 110 to 112, which is consequential upon and necessary having regard to the main purpose of the bill, to provide for the summoning of two new senators, one each from the Yukon Territory and the Northwest Territories.

Honourable senators will recall that both these important areas of northern Canada have been represented in the House of Commons, in the case of the Yukon Territory since 1902, and in the case of the Northwest Territories by a series of acts extending the territories in 1947, 1952 and 1964. The composition of the Senate as presently constituted by regional breakdown is well known. But perhaps the history of representation in the Senate in this particular area is not quite as well known, so it may be well to recall that an amendment to the British North America Act passed as long ago as 1886 provided for the appointment of senators from parts of Canada other than those at that time organized as provinces. At that time, of course, the areas comprising the Yukon Territory, the Northwest Territories and what are now known as the Provinces of Alberta, Saskatchewan and Manitoba were not organized as provinces.

As a result of the 1886 act, two senators were appointed representing what was then known as the Northwest Territories, that is to say, the whole area comprised of the two existing territories and the three provinces I have named.

[Senator Langlois.]

In 1904 this representation was raised to four, and in 1906 Manitoba, Saskatchewan and Alberta were given four senators each when the latter were organized into provinces. By 1916 this was increased to six each, making the entire western area of four provinces a Senate region in the same sense that the Atlantic provinces, and Ontario and Quebec are Senate regions.

There was at one time a question raised as to constitutional authority, and this now appears to be resolved in relation, perhaps, to the 1886 act which did give authority to the Parliament of Canada to appoint senators from these areas.

The well-known amendments to the British North America Act of 1949, conferring additional powers on the Parliament of Canada, have also been invoked, and may or may not constitute sufficient authority for the passage of this bill by the Parliament of Canada. Honourable senators will also recall that the recommendation in this bill is very much in line with the recommendation of the Special Joint Committee on the Constitution on which Senator Lamontagne and Senator Molgat served with such distinction. The recommendation of the joint committee was that there should be two senators each for the two regions, the Yukon and the Northwest Territories; but that was consequential on their general recommendation of an increase in the number of senators to 130 to provide, as honourable senators will recall, for direct representation in the Senate from the provinces.

● (1420)

Questions have been raised in discussions outside this place. One is perhaps the problem of the \$4,000 property requirement for a senator. It has been indicated that the summoning of a senator from each of those territories may cause some problems.

As the House of Commons member representing the Northwest Territories pointed out, the average native income today in the Northwest Territories is about \$1,000. It is therefore unlikely that a great many of the residents would be able to qualify. I understand that some steps will be taken in this matter; but they probably could not have been provided in this act, but may require a more substantial change, in constitutional terms, to the British North America Acts of 1867 to 1975.

The discussion in the other place took the usual form, and comments were made on both sides, some of which would, to my mind, be in keeping with the viewpoint of most senators, although some emanating from one particular party might not be. Surprisingly, the member for the Northwest Territories was not in favour of this bill. He favoured using the money involved to appoint an ombudsman, who would have more direct contact with the territories and those who might have the management of their affairs.

Another matter raised, which will be of interest to honourable senators, was that one of the advantages of the Yukon and Northwest Territories being represented in this chamber was that when the time came for Senate reform, they would be in the Senate, as members of the Senate, and thus able in one way or another to influence that reform. I am sure this comment will interest the Leader of the Government, because there have been a good many suggestions made to him by senators that if we

are to have, as I am sure we all agree we should have, Senate reform, the senators themselves should have an opportunity of being heard.

I do not know whether he has anything in mind in that regard, but I would remind him that during discussion on this bill there was suggested the desirability of having a Senate input into the discussions on Senate reform before others make decisions. I am sure he has that in mind. I hope he will expedite the provision of an opportunity for senators to express their views in a formal way.

The question of those who will be appointed was also raised. I will not go into that except to say that one suggestion, of course, was that it would be highly desirable, particularly in the case of the Northwest Territories, that a native—in the sense of one of the two classes of original inhabitants—be considered. If that were so, I am sure we would all welcome the addition to our ranks of a senator or senators who represented the first Canadians.

Hon. Eugene A. Forsey: Honourable senators, I should like to make a very brief comment on this bill, beginning with the congratulations that I think are due to the Honourable Senator Grosart for having initiated the action which has now taken place. It is not often, perhaps, that members of the Opposition in this house exercise such a persuasive influence upon the Government of Canada and I think Senator Grosart has achieved, if not a first in this respect, perhaps one of the most notable victories scored by a member of this house and especially a member of the Opposition.

I hope very much that when the appointments come to be made the government will exercise very special care in making them. This is an opportunity, I think, to add very considerably to the quality of the membership of this chamber, to bring into the chamber senators of a background and experience and knowledge which perhaps almost none of us in this chamber have at present.

I endorse what Senator Grosart has said about the desirability of having a representative of the original population of the Territories. This seems to me highly desirable and I feel also that this is an opportunity for the government to give very special consideration to the appointment of someone who is not—at least one of these two senators who is not—of the government's own political party. We have often heard pleas in this house for the strengthening of the official Opposition or the strengthening of the independent membership of the house. I think this is a particularly favourable opportunity for the government to take this into consideration—less inhibited than perhaps sometimes by pressures from within the party of the government supporters.

I feel it is particularly desirable because of the rather childish and abusive remarks that were made by members of a certain party elsewhere when this bill was under discussion. I think it would be peculiarly unfortunate if a handle were given to any of these people to say that some mere party hack had been appointed to either one of these senatorships. The charge, of course, might or might not be justified. But I think that every possible care should be taken by the government to see that in making these appointments people of very superior qualifications, special qualifications, special knowledge, special eminence and special independence should be appointed. I think this

will mean that the addition to our ranks from the Yukon and the Northwest Territories will be particularly valuable.

Honourable senators, I want to make just one or two comments by way of footnote on certain remarks that Senator Grosart made, where he surprised me somewhat. I think that he is surely not very well advised by his legal advisers if he feels that there is any doubt whatever about the jurisdiction of this Parliament to pass legislation of this kind, or indeed any legislation dealing with the Senate. It seems to me that it is quite clear that under the British North America Act, section 91, head 1, the amendment introduced and passed in 1949, the Parliament of Canada can do absolutely anything that it wants to—in pure law, that is—about the Senate. If it wants to reduce the property qualifications either for the Yukon or the Northwest Territories or anywhere else, it is at perfect liberty to do so, as far as the law is concerned, to the best of my knowledge and belief. I know that I speak in the presence of a great many learned members of the legal profession, and I speak subject to correction by these gentlemen, but I am quite confident that in fact the courts would uphold any legislation of this sort.

I know it is sometimes said we should not make any changes in the constitution of the Senate without the consent of the provinces, but this is not in my judgment a legal requirement. As far as the pure, strict law goes, I think we can do absolutely anything we want to in this Parliament of Canada in regard to the Senate. We can abolish it, we can raise the qualifications, we can lower them, we can provide that only red-headed people can be appointed, we can provide that only people with turned-up noses can be appointed. We can provide for anything that we want to. We can increase the numbers, we can reduce the numbers.

Honourable senators, the other footnote that I wanted to mention had to do with a slight slip of the tongue by Senator Grosart when he spoke, twice I think, of the Province of Manitoba as not having been organized in 1886. The act of 1886 provided, of course, for the representation of parts of the Province of Manitoba—because the present Province of Manitoba did not get its present limits until the act of 1912. But the Province of Manitoba existed certainly in 1886, and had representation in the Senate in 1886.

● (1430)

I thought that historical footnote ought, perhaps, to be mentioned, although it is, of course, quite incidental, and I know it was a mere slip of the tongue on the part of Senator Grosart, whose knowledge of these matters is encyclopedic.

Senator Grosart: The honourable senator will not mind my saying that I was thinking of it as the postage stamp province, as it was, and was referring to the large territory which is now Manitoba.

Senator Forsey: Exactly. In fact, at that time even certain parts of the Provinces of Ontario and Quebec were part of the Northwest Territories, Ungava and Keewatin. The act of 1886 applied to an enormous extent of the country—everything but the Province of British Columbia, old Ontario, old Quebec, the Maritime provinces, and the postage stamp province of Manitoba. All the

rest of the country was part of the Territories. So, the act provided for the representation of an enormous part of the country, stretching from the Labrador boundary, then undecided, clear to the Rocky Mountains and, of course, to the Arctic Ocean.

Those were the few points I wanted to make about this legislation, honourable senators. The main one, of course, was the care which I hope the government will exercise, the substantial, great care, the special sense of responsibility, which I hope the government will exercise, in making the appointments from these two territorial parts of Canada when this bill goes into effect.

Motion agreed to and bill read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator McIlraith: Honourable senators, I am in the hands of the house as to whether or not this bill should go to committee. For my part, I do not see any necessity for referring it to committee.

If that is the general consensus, I move that this bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Léopold Langlois moved the second reading of Bill S-27, to amend the Canadian Overseas Telecommunication Corporation Act.

He said: Honourable senators, I shall be brief. Although I cannot call this bill a "simple" bill, for obvious reasons, it is at least a simplified bill. By way of explanation, I say that because it had been contemplated to bring forward a bill with additional and particular provisions dealing with the administrative structure of the corporation. However, it was decided to postpone such further amendments until a later date in order to allow due consideration. It is likely that in the very near future another bill regarding this corporation will be initiated in the Senate, or will come to us from the other place.

Before proceeding with this legislation I should like to add that when I studied it I was vividly reminded that when the corporation was born I had the honour and privilege to be the parliamentary assistant to the then Minister of Transport. That was some 20 or 22 years ago.

Senator Flynn: Is that so?

Senator Langlois: I was also reminded that I had the great honour to represent Canada at the splicing ceremony and the inauguration of the first trans-Atlantic telephone cable off the coast of Newfoundland, together with representatives of the Governments of the United Kingdom and the United States, on board the British cable ship *Monarch*, and at the shore power station at Clarenville, Newfoundland. I also had the honour to participate in the first exchange between the station in Clarenville, Newfoundland, on this side, and of the sister station in Oban, Scotland, on the other side of the Atlantic.

[Senator Forsey.]

A few weeks ago I was vividly reminded of that episode when a friend of mine reported to me on his return from a business trip to Africa that he had seen in a theatre in Abidjan, the capital of the Ivory Coast, the documentary made by the National Film Board of this splicing ceremony.

Having made those preliminary remarks, I should like to revert to the bill before us, and add that it merely provides for a change in the name of the corporation, which is now known in English under the name of Canadian Overseas Telecommunication Corporation, and in French under the name of la Société canadienne des Télécommunications transmarines. I must say that I never liked the French translation of the name, because in some way it tends to indicate that the scope of the operations of this important Canadian corporation is limited to the operation of submarine or underwater cables, either telephone or telegraph.

However, the operations of the corporation are not so limited. I therefore welcome the change in the name from "Canadian Overseas Telecommunication Corporation" to "Telelobe Canada," which would be used in both French and English.

Senator Flynn: Perhaps it should be "Universe-Canada." After all, we can now communicate with the moon.

Senator Langlois: That is a good point. When the second bill I referred to is before us, my honourable friend will then have a splendid opportunity to make his suggestion.

The second purpose of the bill is to change the appellation of the president of the corporation. From now on he will be known as the president and chief executive officer rather than as the president and general manager. That is a small change which is merely in keeping with modern practice and usage.

I doubt that there will be any opposition to those two changes in the act. In concluding my remarks I simply commend the bill to the favourable consideration of the Senate.

Senator Flynn: I would move the adjournment of the debate in order to study the name.

Hon. Senators: Hear, hear!

On motion of Senator Flynn, debate adjourned.

PRIVATE BILL

NATIONAL COMMERCIAL BANK OF CANADA—REPORT
ADOPTED

On the Order:

Consideration of the Report of the Standing Senate Committee on Banking, Trade and Commerce on the Bill S-24, intituled: "An Act to incorporate the National Commercial Bank of Canada". —(Honourable Senator Macnaughton, P.C.).

Senator Laird: Honourable senators, in the absence of Senator Macnaughton, I move the adoption of this report.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Flynn: Explain.

Senator Laird: If you want an explanation, I shall be pleased to give one.

Senator Flynn: I think you should explain the bill for Senator Grosart's benefit.

Senator Laird: I hesitate to use a particular adjective in connection with the brevity of my explanation but, in few words, this bill was presented with the proposed corporate name, in English, "National Commercial Bank of Canada," and in French, "la Banque Nationale de Commerce du Canada." Certain objections were raised to the name in French, particularly by the Banque Nationale du Canada—

Senator Flynn: Banque Canadienne Nationale.

Senator Laird: Yes—for reasons which are obvious.

• (1440)

Consequently, while the bill was approved by the committee because there is nothing wrong with it, some discussion did ensue, and some evidence was taken, on the matter of a name. The name that is now recommended in the report, after a good deal of negotiation, is apparently satisfactory to all concerned, including the existing banks. The new name proposed in the report is, in English, "Canadian Commercial and Industrial Bank," and in French, "Banque Commerciale et Industrielle du Canada."

Motion agreed to and report adopted.

THIRD READING

The Hon. the Speaker: When shall this bill be read a third time?

Senator Langlois: With leave of the Senate, I move third reading now.

The Hon. the Speaker: Is there unanimous consent?

Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by the Honourable Senator Langlois, seconded by the Honourable Senator Perrault, P.C., that this bill be now read a third time.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read third time and passed.

COMBINES

PLANNED TAKEOVER BID BY POWER CORPORATION OF ARGUS CORPORATION—ADVISABILITY OF REFERRING MATTER TO A COMMITTEE OF THE SENATE—INQUIRY DROPPED

On the Inquiry of Senator Benidickson:

That he will call the attention of the Senate to a planned takeover bid by Power Corporation of Canada Ltd., of Argus Corporation Ltd., and the advisability of referring the matter to a standing or special committee of the Senate to ascertain if such a takeover, if successful, would be in the public interest; and generally to inquire into the effect of growing corporate strength vis-à-vis the Canadian consumers resulting from other such takeovers, conglomerate ownerships, mergers, etc.

Senator Benidickson: Honourable senators, I beg leave under, I believe, rule 23, to drop this inquiry. Perhaps I might refresh the minds of my colleagues about the circumstances of the introduction of the inquiry, however.

This occurred on the day that we were adjourning for the Easter recess. I read early that morning, at 6 or 7 o'clock, of a possible merger of these rather large corporations. I felt that such a merger might have some effect on consumer interests, and I engaged quickly in conversation with some of my colleagues. It will be recalled that the Senate was to meet unusually early, at 10 o'clock in the morning, on that day, and I decided that something of the nature of this inquiry was necessary, since it was my conception that a joining, or association, of corporations of this size in Canada might not be in the public interest—would not, for example, be permitted in the United States. Everything was done very hurriedly because, as I have said, we were to meet at 10 a.m.

I simply want to say that since then—and I was out of the country for a short time after the house resumed its deliberations following the Easter recess—the Prime Minister has decided that in large part the essence of what is proposed in this inquiry would be studied by a royal commission headed by Mr. Robert Bryce, who has perhaps unequalled experience in government service. I am very pleased with that decision. I think it is better than what I had in mind.

I might interject here that the Parliamentary Library research branch was consulted, and in the recess it did most helpful work, which will be made available to Mr. Bryce.

I suggested in my inquiry that there might be a referral of the matter by the Senate to a standing committee, or to a special committee. I think, however, there might have been some quarrel about what we might have done in that respect. The Senate, to some degree, is suspect in its relationship to business, and so on, and I am delighted that a royal commission has been appointed.

I thank those of my colleagues who helped me between 9 and 10 o'clock in the morning on the day in question in framing this notice of inquiry.

If I have leave of the house to do so, I would, pursuant to rule 23, drop this inquiry. I am extremely delighted that the Prime Minister has decided to look into the merits and demerits of large business operations. I think this satisfies my purpose, the preparations for which had to be carried out in such haste because we were about to adjourn for the Easter recess.

Honourable senators, may I have leave to drop the inquiry standing in my name?

Senator Flynn: Honourable senators, I would not want to give leave to Senator Benidickson without attempting to correct his statement. I accept that he put his inquiry on the Order Paper in haste. I was very curious at the time, and had been waiting impatiently to hear what he had to say regarding this proposed merger. But, somehow I very much doubt that the announcement made by the Prime Minister creating a royal commission under Mr. Bryce had anything to do with this proposed merger, or any similar proposed merger. The commission will concern itself, as I understand it, with multinational corporations.

I think the best reason for giving leave to Senator Benidickson is his concern about his having prepared this inquiry in haste.

Senator Benidickson: I assure Senator Flynn that I know none of the principals of the two organizations that are referred to in the terms of the inquiry.

Senator Flynn: That is all right. I accept that, too.

Senator Benidickson: I have no such acquaintance. On the advice of some of my colleagues, given in the short time that was available, the inquiry was made broad enough to include any other public or corporate body that

might have a massive influence on consumer pricing, and so on.

Senator Perrault: I want to assure honourable senators, on behalf of the government, that the royal commission headed by Mr. Bryce will most certainly consider the concern expressed in Senator Benidickson's inquiry.

Senator Flynn: That is not what the terms of reference say. I do not know what you said to Senator Benidickson, but I know what was announced by the Prime Minister.

The Hon. the Speaker: Has the Honourable Senator Benidickson leave to drop the inquiry?

Hon. Senators: Agreed.

Inquiry dropped.

The Senate adjourned until Tuesday, June 17, at 8 p.m.

THE SENATE

Tuesday, June 17, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Clermont had been substituted for that of Mr. Isabelle on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Guay (St. Boniface) had been substituted for that of Mr. Haidasz, and that the names of Miss Nicholson and Mr. Stollery had been substituted for those of Mr. Stollery and Miss Bégin on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

STATUTE LAW (STATUS OF WOMEN) AMENDMENT BILL, 1974

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-16, to amend certain statutes to provide equality of status thereunder for male and female persons.

Bill read first time.

The Hon. the Speaker: When shall this bill be read the second time?

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

SALARIES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-24, to amend the Salaries Act.

Bill read first time.

Senator Perrault moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Statement on operations under The Returned Soldiers' Insurance Act for the fiscal year ended March 31, 1975, pursuant to section 17(2) of the said Act, Chapter 59, Statutes of Canada, 1951.

Copies of Statement on operations under the Veterans Insurance Act for the fiscal year ended March 31, 1975, pursuant to section 18(2) of the said Act, Chapter V-3, R.S.C., 1970.

National Capital Fund Budget of the National Capital Commission for the fiscal year ended March 31, 1975, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-1300, dated June 5, 1975, approving same.

Report of the President of the National Research Council of Canada for the fiscal year ended March 31, 1975, pursuant to section 16 of the National Research Council Act, Chapter N-14, R.S.C., 1970.

Capital Budget of the Canadian Broadcasting Corporation for the fiscal year ended March 31, 1975, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-960, dated April 25, 1975, approving same.

Documents entitled "Transportation Policy—A Framework for Transport in Canada, Summary Report", "An Interim Report on Freight Transportation in Canada" and "An Interim Report on Inter-City Passenger Movement in Canada", issued by the Department of Transport and dated June 1975.

Report of the President of the Medical Research Council, including accounts and financial statement certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 17 of the Medical Research Council Act, Chapter M-9, R.S.C., 1970.

Report of the Textile and Clothing Board, dated May 14, 1975, on an inquiry respecting men's and boys' suits, jackets, coordinates and pants.

Copies of an amendment, dated June 13, 1975, to By-law No. 1 of the Export Development Corporation, pursuant to section 16(3) of the Export Development Act, Chapter E-18, R.C.S., 1970.

Copies of Press Communiqué, dated June 11, 1975, of the Interim Committee of the Board of Governors on the International Monetary System, which met in Paris, June 10 and 11, 1975.

Copies of Press Communiqué, dated June 13, 1975, of the Development Committee of the International Bank for Reconstruction and Development and the International Monetary Fund, which met in Paris, June 12 and 13, 1975.

Report to Parliament of the Auditors on the accounts of the Canadian National Railway System for the year ended December 31, 1974, pursuant to section 40(1) of the Canadian National Railways Act, Chapter C-10, R.S.C., 1970.

JUDGES ACT AND CERTAIN ACTS IN RESPECT OF THE SUPREME COURTS OF NEWFOUNDLAND AND PRINCE EDWARD ISLAND

BILL TO AMEND—REPORT OF COMMITTEE

Senator Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-47, to amend the Judges Act and certain other acts for related purposes and in respect of the reconstitution of the Supreme Courts of Newfoundland and Prince Edward Island, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Laird moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

CONSTRUCTION INDUSTRY

PARDON GRANTED TO DÉDÉ DESJARDINS—QUESTION ANSWERED

Senator Perrault: Honourable senators, a question was asked by Senator Molson on Tuesday, June 10, with respect to the construction industry in the Province of Quebec. It concerns the pardon granted to Dédé Desjardins.

I have been advised that under the Criminal Records Act information or facts relating to a pardon cannot, under any circumstances be divulged. This information can only be disclosed by the Solicitor General personally and then only in instances in which he feels it is in the interests of justice. So I am afraid that I am unable to provide any more information at this time.

Senator Flynn: We did not expect any more.

Senator Perrault: You can live in hopes.

FOOD AND DRUGS ACT NARCOTIC CONTROL ACT CRIMINAL CODE

BILL TO AMEND—MOTION FOR THIRD READING—MOTION IN AMENDMENT—DEBATE ADJOURNED

Senator Neiman moved third reading of Bill S-19, to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code:

[Senator Perrault.]

The Hon. the Speaker: It is moved by the Honourable Senator Neiman, seconded by the Honourable Senator Norrie, that this bill be now read the third time.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Goldenberg: Honourable senators, I move, seconded by Senator Laird, in amendment, that the bill be not now read the third time but that it be amended by adding thereto, immediately after section 1 thereof, the following:

1.1. Section 32 of the said Act is repealed and the following substituted therefor:

"32. This Act does not apply to any packaged food, drug (other than a drug or other substance defined as a controlled drug by Part III, as a restricted drug by Part IV or as cannabis by Part V), cosmetic or device, not manufactured for consumption in Canada and not sold for consumption in Canada, if the package is marked in distinct overprinting with the word "Export", and a certificate that the package and its contents do not contravene any known requirement of the law of the country to which it is or is about to be consigned, has been issued in respect thereof in prescribed form and manner."

Senator Walker: Explain.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Senator Goldenberg: With leave, I would like to explain the amendment.

Senator Flynn: We would like that, also.

Senator Goldenberg: Honourable senators, this is a technical amendment, requested by the Department of National Health and Welfare. It is consequential on the addition of Part V to the Food and Drugs Act contained in clause 7 of Bill S-19. Section 32 of the Food of Drugs Act provides that, with certain exceptions, the act does not apply to drugs that are manufactured for export purposes. The intention of the amendment is to add cannabis to the exceptions, since under Part V, as added by Bill S-19, it is an offence to export cannabis.

● (2010)

Senator Flynn: Does that mean you will allow the export of marihuana?

Senator Goldenberg: No, this will include cannabis in the exceptions.

Senator Croll: Why not let it stand, and let us look at it?

Senator Goldenberg: Copies of the proposed amendment are being distributed. It is purely technical and consequential on the addition of the new Part V to the Food and Drugs Act.

Senator Flynn: It is too bad that Senator Prowse is not here to explain the amendment. He knows everything about this bill.

Senator Croll: It may be technical and very easy to explain, but I move the adjournment of the debate on the motion in amendment.

Motion agreed to.

BRITISH NORTH AMERICA ACTS, 1867 TO 1975**BILL TO AMEND—THIRD READING—ORDER STANDS**

On the Order:

Third reading of the Bill C-3, intituled: "An Act to amend the British North America Acts, 1867 to 1975".
(Honourable Senator McIlraith, P.C.)

Senator Choquette: Honourable senators, I had not expected third reading to take place this evening. I have a few remarks to make on third reading. Therefore, I would like this item to stand until tomorrow.

Order stands.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION ACT**BILL TO AMEND—SECOND READING**

The Senate resumed from Thursday, June 12, the debate on the motion of Senator Langlois for the second reading of Bill S-27, to amend the Canadian Overseas Telecommunication Corporation Act.

Hon. Jacques Flynn: Honourable senators, I adjourned this debate in order to find out what the bill was about. Even had I directed several minutes to this problem, I would have reached the same conclusion: that the bill is not simple, but insignificant. I cannot really understand why the government decided to present this bill to Parliament, because it does only two trivial things. First, it changes the name of the corporation and, secondly, it changes the title of the principal officer of that corporation.

The sponsor of the bill told us the government had several other amendments in mind but they were not yet ready. If they had something substantial to present to Parliament, I cannot see why they did not wait and make all the amendments at the same time. Instead they presented for our consideration a bill which changes the name of the corporation and the title of the principal officer.

What can I say but that this is trivia? If the government wants this bill to go through, well and good. But I doubt very much that it should occupy us for more than the few minutes we have already devoted to it.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

THE ECONOMY**DEBATE ADJOURNED**

Hon. Maurice Lamontagne rose pursuant to notice:

That he will call the attention of the Senate to the state of the Canadian economy.

[Translation]

He said: Honourable senators, I would like to thank you for your kind cooperation tonight. As I stated last week,

the state of the Canadian economy is now subject to very different and even conflicting interpretations. Some state that recession continues and that the unemployment rate will reach an average of 8 per cent in 1975. Others, on the other hand, say that a new growth thrust has begun and that inflation has become once more our main economic problem. Since on the whole these forecasts would require conflicting policies, one or the other will have to be chosen when the Minister of Finance delivers his budget speech on June 23.

The Senate does not have the opportunity to discuss the budget speech. Indeed, such a debate would be rather useless since it would take place only after the major orientations have been chosen. In my opinion, it is much more useful for honourable senators to have the opportunity to discuss decisions before they are made. They have the privilege to do so at least as much as private organizations such as the Chambers of Commerce and other similar organizations which, as usual, recently gave their opinions to the Minister of Finance on the course he should steer.

[English]

Honourable senators, this is my maiden speech on economics in this chamber.

Senator Flynn: It is about time.

Senator Lamontagne: I intend to devote the major part of it to an assessment of the current economic situation in an attempt to clear up the confusion now prevailing.

Senator Walker: Whereabouts?

Senator Lamontagne: I should like to begin by showing that while it is relatively easy to foresee the turning points in the economy with a satisfactory degree of accuracy, the conventional wisdom has been systematically wrong in its forecasts since the 1950s, the result of which being that government action has always been too late and has thus contributed to intensifying both cyclical inflation and unemployment rather than attenuating them.

The short business cycle—when I was a student it used to be called the inventory cycle—is one of the most regular economic phenomena. Its complete sequence, composed of its successive phases of recovery, boom and recession, has a normal duration of about 40 months. For instance, during the postwar period in Canada, recessions began at the end of 1953, the beginning of 1957, and 1960. We had a short pause early in 1963 and a more severe one in the last part of 1966. Other recessions began early in 1970 and in the second quarter of 1974. In the normal course of events, another recession should begin late in 1977 or early in 1978, unless the time bomb represented by the recycling of petrodollars explodes before and precipitates an international crisis.

● (2020)

These cyclical movements are obviously not always uniform. They may have different amplitudes and some are shorter than others but their regularity is nevertheless striking. Lord Keynes and his followers have recommended that governments should try to counter these cyclical downturns and upturns of the private sector of the economy by following an easy money policy and having systematic budgetary deficits during recessions and applying

a tight money policy and having budgetary surpluses during boom periods. The aim thus appeared simple. Governments were to practise a countercyclical policy in order to stabilize the economy and fight successively cyclical inflation and unemployment.

However, this simple objective had two basic requirements. First, it implied that governments would be able to forecast in time the turning points of the economy; that is, the beginning of recessions and recoveries. It also required that governments and parliaments could act quickly with programs that could be rapidly launched and interrupted.

Unfortunately, both conditions were not fulfilled in the postwar period and we never had any proper countercyclical policy. What went wrong basically was the forecasting system used by the conventional wisdom. I intend to illustrate this point by reviewing briefly the Canadian postwar experience, although our country was certainly not the only one to fail. As I go along, I will refer also to my own assessments, particularly since 1957, by quoting briefly various documents, most of them unpublished, that I have prepared over the years. In other words, I intend tonight to unveil my own "hidden" reports. My intention in doing so is not to illustrate my ability as an amateur forecaster but rather to show that I do not speak from hindsight and that if I have been able over the years to forecast the turning points fairly accurately with my unsophisticated means, it should be much easier for senior government officials, with the vast means at their disposal, to improve the forecasting system which has been so ineffective in the last 20 years.

The first important postwar recession occurred at the end of 1953 and lasted for most of 1954. However, it was only on April 5, 1955, when it was over, that the Minister of Finance announced in his budget speech various measures to fight it. These measures, including tax cuts and a sizable deficit, began to have their main impact only in the latter part of 1955 and undoubtedly contributed to accentuate the inflationary boom of 1956.

Early in 1957, when I was economic advisor to the Privy Council, I became convinced that another downturn was imminent. One of my colleagues and I devised some proposals to stimulate the economy, including federal loans to municipalities and a special development fund for the Atlantic provinces. I remember that my honourable friend Senator Hicks was at that time premier of his own province, Nova Scotia. When we proposed this program to our colleagues in the Department of Finance and the Bank of Canada, we found that they did not accept our assessment of the economic situation but indeed anticipated a continuation of inflationary trends. They had prepared opposite plans to ours, designed to fight those trends. Each group stayed on its position and the only agreement possible was that neither one of the plans would be proposed to cabinet. The budget speech of March 14, 1957, provided for a sizable surplus and the Bank of Canada maintained its tight money policy. The economic decline continued and it was not before 1958, after the recession, that fiscal policy became expansionary.

At the beginning of 1960, when I was advisor to the Leader of the Official Opposition—and I am sure Senator Flynn and others will remember those years—I prepared notes which were used by Mr. Pearson in a speech he made

in the other place on April 12 and which gave some indication that another recession was emerging. The Minister of Finance, after having provided for a very substantial deficit at the peak of the cycle in 1959, planned for a small surplus at the beginning of the recession in 1960. He accused the Opposition of being "lost in gloom of their own creation," and he stated:

I am confident, however, that employment will rise as the coming of spring opens up new job opportunities, and as the economy continues its upward trend.

In other words, as Mr. Pearson said, unemployment would go with the snow. Precisely at the time when the Minister of Finance was making his optimistic forecast the downward movement had already started, as official figures showed later. In brief, for the then government that was the recession which never was.

On September 7, 1966, I made a speech at a caucus of my party in a further and last attempt to convince the Minister of Finance to stimulate the economy. After almost ten years I see no objection in quoting from my analysis. After having described the then prevailing economic situation, I concluded:

—the forces of expansion and contraction have reached a stage of delicate balance. On that basis, I am prepared to predict that if present policies are maintained during the coming months the forces of contraction will outweigh the forces of expansion and a general downward trend will develop.

On the next day the Minister of Finance said in the other place:

So we must turn to our fiscal policy to further assist in restricting the excessive global demand which is imposed on our economy during this boom period.

This was just the opposite of my diagnosis. The minister then announced a special austerity program but as I had predicted a significant economic pause developed. It was only in 1967 as a new upward movement or trend began that the minister abandoned his restrictive policies.

On March 24, 1970, in a speech delivered in Toronto, I said:

Whether or not North America is now experiencing the emergence of another recession is largely a question of semantics which is better left to practising politicians. It is more significant to say that the economy has been slowing down, and that this movement will continue at least until present government policies in the United States and Canada are reversed. Accordingly, I would not be surprised that the GNP in constant dollars will only increase in an insignificant manner during the first quarter of 1970.

● (2030)

In fact, it was to decrease slightly, as official figures indicated later on. Honourable senators will certainly remember that the government had announced another austerity program by the end of 1969, again on the eve of a period of decline.

On March 12, 1970, hardly two weeks before I made my statement in Toronto, the Minister of Finance, obviously not knowing that another recession had already begun, stated in his budget speech:

—we must be resolute in continuing to restrain the demands that are made upon the economy.

He announced his decision, which fortunately was not implemented, to regulate consumer credit in order, as he said, to cut consumer expenditures by \$300 million or \$400 million a year.

In a memorandum dated August 15, 1973, I wrote:

Thus, there seems to be solid and broadly based evidence that the American economy has reached a new stage in the business cycle and that it will follow a downward movement during the next months... The Canadian situation appears to follow closely the American pattern.

And I added:

In our country, as in the United States, public policy will give additional strength to basic downward forces rather than to countervail their impact.

This view, of course, at that time in August 1973, was not shared by most forecasters. However, the United States Department of Commerce announced recently that a new review of the evolution of the American economy showed that the recession had started in November, 1973. As far as Canada is concerned, GNP in constant dollars has not increased since the first quarter of 1974.

In January 1974, President Nixon stated before the American Congress that there would be no recession in the United States during that year. What is worse, President Ford repeated the same statement in September 1974. He said that inflation remained the major economic problem and, although the recession had already lasted for almost a year, he announced his intention to increase taxes. Besides, he was not the only one to express such views at that time. At one of the seminars organized then by President Ford, a well-known economist, Milton Freidman, among others, said:

We are not, and I emphasize *not*, in danger of a major depression or even of a severe recession.

Presumably some of these statements were based on the index of leading indicators then used by the commerce department which, it has now been discovered, misleadingly turned up for seven months in 1974 in spite of the rapid decline of the U.S. economy. In other words, the U.S. economic thermometer went in the wrong direction.

At about the same time, in another of my memoranda dated October 24, 1974—and this will be the last one that I will quote—I concluded:

In the normal course of event, the bottom of the recession should be reached during the first half of 1975.

So, at the very moment when I was forecasting the end of the recession, the conventional wisdom in the United States had not yet really recognized its beginning.

But suddenly in December, the American government began to show some signs of alarm. The President made a spectacular somersault, and advocated substantial tax cuts. Congress adopted its own, more expansionist version of that budget at the end of March 1975. That budget provided for an unprecedented minimum deficit of \$70 billion, and its main measures have just begun to apply at

a time when most forecasters at last recognize that the American economy is on the road to recovery.

Senator Asselin: How about the Canadian economy?

Senator Lamontagne: I will come back to that later.

I could give many signs to substantiate this assessment. I will mention only the views expressed just a few days ago by Alan Greenspan, the Chairman of the Council of Economic Advisors, who said that June would be the first month of recovery, that the real GNP will rise more than 5 per cent in the third quarter and more than 7 per cent in the fourth. According to the method used in Canada to measure quarterly changes, this would represent an increase of 1.25 per cent and 1.75 per cent respectively.

A massive budgetary deficit will therefore coincide with the economic upturn and will once again overheat the U.S. economy. It is too much and too late. As a consequence, the American government will have to initiate an unprecedented borrowing program at the very moment when individuals and businesses will have a greater need for funds for housing and other new investments. To meet this joint increase in demand for funds a dangerous monetary expansion would be needed in 1976. It is highly unlikely that the authorities of the federal reserve system will allow such a development, and we may expect that in 1976 and 1977 tight money and rising interest rates and prices will reappear with a vengeance in the United States. For lack of a proper forecasting system and timely countercyclical policies, the American government will fight the 1974 recession during its 1976 fiscal year and thus sow the seeds of the next recession. One is tempted to say, "What a way to run a railroad!"

In Canada, the recession will have been shorter and much less acute than in the United States although it will probably have been the most severe since 1957. The private sector did not see it coming. As usual, during the last stage of the boom, production outpaced demand. The result was a rapid increase in inventories. The ratio of business inventories to shipments began to rise rapidly after February 1974. Such a substantial accumulation, mainly in the sector of durable goods, could not go on forever and production had to drop.

Moreover, government policies were not more appropriate in Canada than in the United States. Mainly for this reason, the housing market was overheated during the boom, and then overcooled as the recession developed. In centres of 10,000 people or more, housing starts, seasonally adjusted at annual rates, reached their peak in April 1974 at 242,000 units, but then dropped steadily to 99,000 in March 1975. Thus, last March, housing starts were only 40 per cent of what they had been a year before.

During that time, the interest rate set by the Bank of Canada was raised a percentage point to 8¼ per cent on April 15, 1974, just as the recession was beginning, to 8½ per cent on May 13 and to 9¼ per cent on July 24. It remained at that level until November 18 when it was reduced to 8¾ per cent. The rate was further reduced to 8¼ per cent on January 13, 1975. Thus, throughout the recession, the interest rate set by the Bank of Canada was higher than it had been during the boom in 1973 and early 1974. Some countercyclical monetary policy!

● (2040)

According to figures used by the Minister of Finance in his November budget speech, a substantial deficit of \$673 million was recorded during fiscal year 1973-74 at the peak of the cycle, and a surplus of \$250 million was forecast for fiscal year 1974-75 to coincide with the recession. These budgetary positions were just the opposite of what they should have been to counter the cycle. The Minister of Finance finally recognized the existence of a slowdown in his budget speech of November 18, and then proposed to stimulate the economy. But the minister stated in April 1975, in his economic review:

Since these measures were introduced late in the year, their full impact will be felt in 1975 and early 1976.

He could have been more precise and said that most of these measures were approved at the end of March 1975, so that they will begin to have their major impact only as the recession is ending.

Indeed, the most sensitive indicators show that the recession is now over in Canada. I am prepared to say that the index of real domestic product and the index of industrial production—two broad indicators—which both peaked in March 1974, reached their cyclical low in the first quarter of 1975. The index of production of durable goods, which is more sensitive to cyclical fluctuations, has risen for two consecutive months, February and March, on a seasonally adjusted basis. After a substantial drop in December and January, production of motor vehicles has experienced an almost similar spectacular rise in February and March. Wood industries are also very sensitive, reflecting fluctuations in housing. Their production peaked in April 1974, steadily dropped until January 1975 by more than 30 per cent, and rose successively in February and March.

The survey of capital spending conducted by the Department of Industry, Trade and Commerce and published last week shows that planned outlays for 1975 in constant dollars will rise by 19 per cent compared with 1974.

Work stoppages, mainly in March, have resulted in disrupting our external trade. Our exports on a seasonally adjusted basis declined from \$2.685 billion in February to \$2.552 billion in March, but they rose again to \$2.638 billion in April.

Another clear sign of the upturn is the substantial increase of almost 72 per cent on a seasonally adjusted basis in housing starts in centres of 10,000 people and over between March and May. In April, seasonally adjusted Canadian sales of North American passenger cars increased by 10.5 per cent, as similar sales of all commercial vehicles rose by 15.2 per cent.

The gross national product, as we were told last week, in constant dollars declined by 1.4 per cent during the first quarter of 1975, but it would have increased by 0.6 per cent if inventory accumulation had not been reduced by \$2.3 billion at an annual rate.

On the basis of this and other evidence I am prepared to forecast that the second quarter of 1975 will show the first quarterly increase in real GNP since the first quarter of 1974, especially if no account is taken of reduced investments in inventories. The recovery will be fairly rapid although, as the Minister of Finance said in Halifax on

[Senator Lamontagne.]

May 29, there may be no real growth for 1975 as a whole. But such a statement is rather meaningless and almost misleading. This comparison between 1975 and 1974 hides the true story which is that 1975, in terms of the cycle, will be just the reverse of 1974. When GNP figures for the first quarter of 1975 were published they showed a decline of 1.8 per cent over the annual level attained in 1974. Thus, in order to reach that level for the whole of 1975, an average quarterly increase of about 1.2 per cent would be needed during each of the last three quarters. Such a rise is likely, but it indicates a rapid recovery in the latter part of 1975 and an increase of approximately 4 per cent in the last quarter, compared with the first.

This rather substantial improvement does not mean that the current high rate of unemployment will decline for 1975 as a whole. But some forecasts claiming that the average annual rate will be 8 per cent are too pessimistic, in my view. In terms of the forecasting jargon, the GNP is a coinciding indicator and unemployment is a lagging indicator. When businesses decide to slow down production they first start by cutting overtime and reducing working hours before laying off workers. This means that unemployment begins to rise significantly only when recession has reached its acute stage. When recovery occurs and production is resumed, businesses first decide to extend the working hours of their employees before hiring new workers. This means not only that the main gains in productivity are made at the recovery stage of the cycle, but also that unemployment is likely to remain high during that period, especially if the labour force is expanding.

Thus, unemployment normally reaches its cyclical peak and stays at a high level after the end of a recession. It becomes a major political problem when the economy is already on an upward swing, when its causes have disappeared and it has ceased to be an economic problem. It is precisely at this juncture that governments are under political pressure to do something about unemployment, when most expansionist measures can do very little to resolve it but directly contribute to overheat the economy and to reinforce inflationary trends.

But even the employment and unemployment situation is looking brighter than most people expected. In May, on a seasonally adjusted basis, employment rose by 82,000, the biggest monthly increase since August 1974. In spite of a significant rise in the participation rate from 58.7 to 59 per cent, the rate of unemployment declined from 7.2 to 7.1 per cent, the first decline since October 1974. For the first five months of 1975 the average rate has been 7 per cent, and it may well have reached its peak.

● (2050)

With this background, the climate which constitutes the basic framework for the next budget can be summarized fairly simply. On the international front, it is now widely recognized that most industrialized nations are now experiencing an upward swing. Moreover, OECD countries agreed, quite unwisely in my view, at a meeting held on May 29, to further stimulate their respective economies. I have already mentioned in this respect the particular case of the United States, where an unprecedented budgetary deficit of at least \$70 billion is planned for fiscal year 1976. This international climate means that Canadian exports

will be strengthened in the immediate future, but that international inflationary trends, including rising interest rates, will have an inevitable and undesirable impact on Canada in 1976 and 1977. Those trends will probably serve as a basis to justify a further increase in the price of oil by OPEC countries later this year.

On the domestic front, gross national product in constant dollars will rise by more than 2 per cent during fiscal year 1975-1976 compared with 1974-1975. Most provinces are planning rather huge deficits for the current fiscal year. Ontario has already announced an unprecedented deficit estimated at about \$1.5 billion, and Quebec has cut taxes by \$540 million a year. Most of these measures will have their main impact in the latter part of 1975 and at the beginning of 1976.

Under such overall conditions, the Minister of Finance does not have much room to manoeuvre if he wants to be realistic. The only sound attitude at this juncture is to plan for the smallest possible deficit and borrowing program consistent with no overall significant changes in taxation. But to a large extent the minister is the prisoner of the immediate past. In his November budget speech he envisaged a budgetary deficit of \$1 billion and total financial requirements, excluding foreign exchange transactions, of \$3 billion for fiscal year 1975-1976. Under present circumstances this is too high.

I am sure that the minister can reduce these amounts by resisting further attempts to increase expenditures as revenues will rise more rapidly during 1975-1976 than he expected last November. He should certainly refuse the suggestion of Mr. Sinclair Stevens, who proposed recently to cut taxes by about \$500 million. This would be completely irresponsible, in my view, at this stage. I believe also that a neutral monetary policy would be desirable at the present time, but I am afraid that the Bank of Canada could start again to restrict credit and to increase its interest rate in an effort to compensate for an excessively expansionary fiscal policy, if the minister cannot significantly reduce his projected budgetary deficit and borrowing requirements.

In other words, it may be too much to expect the Minister of Finance to produce a balanced budget, but he should try to move toward that position as much as he can, given the commitments that have already been made. Within limits, the government now has the opportunity to apply policies appropriate to the current phase of the business cycle. If it chooses to use this opportunity it will establish a sound precedent in our history, and it will be in a strong position to argue, when new international inflationary trends will develop in 1976, that it did its best, given the current circumstances, not to participate actively in this irresponsible movement. On the other hand, if it decides to further stimulate the economy at this stage, it will later on have to accept the blame for its inappropriate action.

Apart from this overall situation I would like to make three relatively brief comments on three special subjects, such as housing and the construction industry, our balance of payments and chronic cost-push inflation.

In my view, there is no current need, at least on economic grounds, to provide further stimulants to housing and the construction industry except to ensure an adequate flow of mortgage funds at about the current interest rates.

Investment plans for non-residential construction in 1975 indicate a satisfactory level of activity. Housing starts at annual rates reached in May the target of 210,000 units announced by the Minister of State for Urban Affairs, and will exceed that target during the second part of 1975. Throughout the post-war period, housing and, to a lesser extent, perhaps, other sectors of the construction industry have been the main victims of untimely government policies. What they need now at last is a sound stabilization program to prevent exaggerated and avoidable ups and downs, which are major sources of inefficiencies and have a pervasive and unstable impact throughout the economy. The Economic Council of Canada published a report on this topic last year. I hope that the federal government and other interested parties will begin soon to implement the recommendations contained in that report and other measures designed to stabilize the mortgage market.

Our balance of payments is now the cause of some concern. The Minister of Finance recently forecast a current account deficit of about \$5 billion in 1975, compared with \$1.9 billion in 1974. He may well be too pessimistic. In any case, we should look at the two main accounts to see what can be done. There is not much we can do, in the immediate future at least, to reduce our chronic and mounting deficit in our service account. That leaves the trade account.

The minister has already expressed his worries, and rightly so, about irresponsible wage settlements and frequent interruptions in deliveries resulting from labour unrest. He has also criticized businessmen for not being sufficiently alert to new trade opportunities. I do not believe that these admonitions will improve our trade position in the immediate future. Moreover, I do not feel that we are about to price ourselves out of world markets. Much of the worsening in our trade balance which has occurred recently has been due to the fact that the recession has been shorter and milder in Canada than in most other countries.

However, there is one particularly important sector which should get the immediate attention of the Minister of Finance and of the Minister of Industry, Trade and Commerce. Our trade deficit with the United States with respect to parts and accessories of motor vehicles has been rising steadily in recent years, reaching \$2.2 billion in 1974, while our total external trade position showed in that year a surplus of about \$1 billion. Again, part of this specific deficit was due to cyclical factors, more particularly to the fact that the recession was more severe in the United States than in Canada.

● (2100)

However, there may be more permanent changes at work as the American industry is getting prepared to concentrate more on the production of small cars. The government should follow this situation very closely and if it finds a new pattern emerging in the United States that could adversely and permanently affect Canadian terms of trade, it should initiate negotiations, under the auto pact, to change this pattern before it is too late. The government should not be too timid about this because the Americans were insisting on such renegotiations in their favour just a few years ago—I am sure honourable senators know about this—although at that time the Canadian

trade surplus under the auto pact reached its peak at \$224 million in 1971, which was negligible compared with our deficit of \$1.3 billion in 1974.

Another item which may assume increasing importance in the next few years is our net imports of crude oil. We are facing a difficult choice in this respect: if we increase production to meet rising domestic demand and to sustain exports in order to avoid immediate balance-of-payments difficulties, we run the risk of experiencing much more serious problems in the future because our reserves will be depleted sooner. The estimates of our proven reserves have changed so drastically in the last few years that I do not know how the government can make a rational choice at this moment. Moreover, I feel that the situation which is likely to prevail in 1975 does not call for further drastic action in this area, since the government last week substantially increased export charges on refined products and raised by 100,000 barrels a day the export ceiling which will become effective on July 1.

I have limited my remarks to the cyclical situation. I hope to have shown the need for improving the government's forecasting system and for adopting timely policies which would greatly help reduce both cyclical inflation and unemployment. In this respect I want to emphasize that there is nothing wrong with restrictive policies *per se*. What is wrong is to apply them on the eve of or during a recession, which has been done too often in the past.

As distinct from cyclical and temporary difficulties, we are also facing structural or chronic problems, especially what I call cost-push inflation. We are at last beginning to realize that we cannot effectively fight this type of inflation, as distinct from demand-pull or cyclical inflation, by ordinary monetary and fiscal policies, unless we are prepared to create unbearable levels of unemployment and intolerable social injustice. Cost-push inflation is not a temporary problem that can be licked once and for all. Those who assert the contrary are the victims of a great illusion. Cost-push inflation has become almost a permanent feature of our affluent societies. It is caused mainly by the crisis of individual and collective rising expectations and by the spreading of monopolistic power, especially in the world of business and labour, which is used by those who have it to disrupt the market mechanism in their favour in an attempt to get for themselves a larger piece of the pie.

It is only when we identify the deeply rooted causes of this sickness, which I describe as collective irresponsibility, that we discover that certain apparently simple remedies will not work in the real world. For instance, how can we expect that a temporary freeze on prices and wages can be an effective cure when the trouble is chronic and almost inherent to the nature of man? How can we hope that voluntary restraints will provide the solution when the sickness is due basically to a deep lack of consensus, conflicting interests, and mutual distrust. In this context, the few groups which might be willing to exercise self-control would be the first victims of their dedication to the public interest. I do not need to show here that a general and permanent scheme of wage and price control is clearly unworkable in a democratic society like ours, relying mainly on private initiative. The sooner we will cease to centre our attention and debate on these apparently easy

but unrealistic solutions, the greater will be our chance to design a more comprehensive and effective program comprising a mixture of complementary measures.

The first item of this new package would be, as I said before, the implementation of timely countercyclical policies so as to minimize cyclical inflation. Other proposals could be examined and refined such as the integration of the worker into the enterprise and his greater participation in its decision-making, as it is increasingly done in some of the most dynamic countries in Europe; selective but permanent wage and price arbitration in a few basic and monopolistic industries; the indexing of salaries in the public service to the general movement of wages and salaries in the private sector according to a more generous formula than the one which now applies to parliamentary indemnities; special tax provisions to nullify excessive gains in incomes, including profits.

A program of this kind would be more complex than the so-called simple solutions to which I referred just a moment ago. It would also be more realistic and have a better chance to work. Its implementation should, of course, be preceded and accompanied by a well organized information campaign in which all responsible opinion leaders should participate. Voluntary restraints alone will not work, in my view, but the development of a sound body of public opinion on the evil of chronic inflation is essential in a democracy to the success of any plan of attack.

Moreover, we cannot forget that chronic inflation is international in character, that it is a particularly acute problem for the industrialized world and that no single country can go it alone to fight it. I would suggest, therefore, that once the Canadian government has put together a coherent plan along the lines I have suggested, it should call for a special top level conference of OECD member countries to discuss this whole issue and to establish the basis for a broad intergovernmental consensus on a joint plan of action.

These are some of the views and proposals that I would like to see reflected in the budget speech. Between voluntary restraints and overall controls, both of which will not work in practice, there is, in my view, a third more pluralistic and more realistic alternative which we should try to find.

Senator Desruisseaux: Honourable senators, if no one is prepared to speak on this subject between now and next week, I should like to adjourn the debate until the first sitting of next week.

● (2110)

Senator Flynn: May I ask a question of Senator Desruisseaux? Is he suggesting that he would like to speak to this inquiry after the Minister of Finance has presented his budget speech?

Is that his proposal?

Senator Desruisseaux: It is. Is there any objection to that?

Senator Flynn: It is a very simple procedure. You want to compare Senator Lamontagne's speech with the budget speech of the minister. There is no merit in that. If Senator Lamontagne was daring enough to suggest some measures to be included in the budget speech, I think you

should be daring enough to do the same and not wait until after the Minister of Finance has presented his budget.

Senator Desruisseaux: Honourable senators, my reason for asking to adjourn the debate until next week is that I am unable to be here tomorrow and Thursday. Also, next Tuesday is St. Jean Baptiste Day, and we have not yet been informed as to whether we will be sitting that day.

Senator Flynn: In any event, you would not be speaking to this matter until after Mr. Turner has presented his budget.

Senator Desruisseaux: I realize that.

Senator Flynn: Do you want to compare the two speeches, or do you want to offer some suggestions? That is my question.

Senator Desruisseaux: I have some views on the economic situation in this country, Senator Flynn, and I believe I am entitled to express those views even though the Minister of Finance may have brought down his budget before I have an opportunity to do so. I may not agree totally with what was said by Senator Lamontagne tonight.

Senator Flynn: But it will be too late. If you have some views on this, I think it is very urgent that you let the Senate know those views right away. I am anxious to know what you have in mind.

Senator Desruisseaux: I could speak tonight.

Senator Flynn: Why not?

Senator Desruisseaux: Because it will take an hour.

Senator Flynn: I am willing to remain here for another hour. I am quite sure that all honourable senators would be willing to stay and listen to you.

Senator Desruisseaux: If any honourable senator wishes to adjourn the debate, let him do so.

Senator Flynn: I will certainly move the adjournment of the debate to enable Senator Desruisseaux to speak tomorrow or Thursday.

Senator Langlois: What about speaking yourself?

On motion of Senator Flynn, debate adjourned.

BROADCASTING

APPEARANCE OF GERDA MUNSINGER ON CBC TELEVISION PROGRAM—INQUIRY STANDS

On the Inquiry of Senator Forsey:

That he will inquire of the Government:—

1. How much did the Canadian Broadcasting Corporation pay Mrs. Gerda Munsinger for her appearance on the Barbara Frum Program on CBC TV at 9.00 o'clock Saturday evening, June 7, 1975,

(a) by way of expenses,

(b) by way of fees?

2. Has Mrs. Munsinger a record of criminal convictions in Canada?

3. How long is she to be allowed to remain in Canada?

4. Is it the intention of the Canadian Broadcasting Corporation to present other persons of similar qualifications on this program at public expense?

5. If so, what is the budget for such appearances?

6. What criteria does the corporation use in selecting the people who are to appear on this program?

7. Does the government consider that the presentation of Mrs. Munsinger on this program is a proper use of public money?

8. Does the government consider that the presentation of Mrs. Munsinger on this program conforms with the CBC's mandate as laid down in the Broadcasting Act?

Senator Forsey: Honourable senators, I am waiting, first of all, for word from the government. I cannot add anything to my inquiry, or discuss it in any way, until I have received some information from the government, if it has any information to give. If it has no information to give, then, of course, I may proceed with some further discussion of the matter.

I don't know what I am expected to do now. Perhaps I should just say "stand"—

An hon. Senator: Stand.

Senator Forsey: —with hope springing eternal in this particular human breast.

Inquiry stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 18, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

PRIVATE BILL

ALLIANCE SECURITY AND INVESTIGATION, LTD.—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-26, respecting Alliance Security & Investigation, Ltd., and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Flynn moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

FOOD AND DRUGS ACT NARCOTIC CONTROL ACT CRIMINAL CODE

BILL TO AMEND—MOTION IN AMENDMENT ADOPTED—THIRD READING

The Senate resumed from yesterday the debate on the motion, in amendment, of Senator Goldenberg to the motion of Senator Neiman for the third reading of Bill S-19, to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code.

Senator Croll: Honourable senators, when I heard the amendment presented yesterday it appeared to be quite long and a little difficult to understand when hearing it for the first time. And I must have failed the course in speed reading, because when a copy was delivered to my desk I just could not grasp it that quickly before concurrence was moved. However that may be, the moment I heard the mover say that it was a technical and consequential amendment I waited for him to say that it was just a simple amendment and my ears perked up immediately. I knew that I had to pay some attention. As a matter of fact, I did not know where the amendment came from. It came at the very last minute, more than six months after the bill was introduced. It seemed to me that if the Department of National Health and Welfare was paying some attention to this bill and its consequences, its officials would have known a long, long time ago.

In any event, the Legal and Constitutional Affairs Committee sat yesterday morning to study Bill C-47, to amend the Judges Act. Eight members were in attendance, and if the amendment we are now discussing was available yesterday morning it should have been presented to the committee for consideration and acceptance. If it was not

available until the afternoon, copies should have been sent to the committee members who were in the city. This was not done. It would have been easy enough to deliver a copy with a note stating that the amendment would be presented for consideration last night. It would also have been possible to speak with some of the members. Some members appeared to know the contents of the amendment, but I was not one of those.

In case of emergency, I have no complaint. The authority of the chairman comes from the committee and he must always turn to the committee for that authority. It does not come from on high. In any event, I have read the amendment carefully. It is a very useful and needed amendment, and I support its adoption.

Senator Goldenberg: Honourable senators, just by way of explanation, the amendment was sent to me yesterday afternoon.

Senator Grosart: From on high.

Senator Goldenberg: I did not have it yesterday when our meeting was in progress. It did come from on high. I managed to send a copy to Senator Flynn, as a matter of courtesy. I wanted to make sure there was a French translation, and at the same time I tried to get a copy to Senator Asselin. Also, I did not ask the Senate to approve it last night, after moving the amendment.

• (1410)

Senator Laird: Honourable senators, by way of further explanation, as the seconder of the amendment I knew about it some 30 or 60 seconds before it was made.

Senator Goldenberg: A minute and a half.

Senator Laird: A minute and a half, the chairman said.

Senator Flynn: Do I understand from Senator Goldenberg's comments that this amendment was not worth being referred to committee?

Senator Goldenberg: I did not think it had to be referred. As Senator Croll said, it is a simple amendment.

Senator Flynn: That is what worries me.

[Translation]

Senator Asselin: Honourable senators, just one word on the subject. The Leader of the Opposition and I have discussed the amendment proposed on third reading.

As stated by Senators Goldenberg and Croll: "It is a very simple amendment". However, once again, during the drafting of the text, the illogicality of the Department of Justice was evident, especially when it was stated that the definition of trafficking in cannabis had been transferred to the Food and Drugs Act for purposes of logic and continuity.

The amendment simply states that since it is by virtue of the Food and Drugs Act, the cannabis bill must be

united with the Food and Drugs Act. But the reason why I find things illogical is that when the definition of cannabis trafficking was studied, no one wanted to put it under the Food and Drugs Act. With regard to such trafficking, the definition that was kept was the one contained in the Narcotic Control Act.

I still believe that such a provision is illogical. However, we are willing to accept the amendment. Furthermore, I wish to state that by not taking the definition of cannabis trafficking as contained in the Food and Drugs Act and by keeping the same definition as the one in the Narcotic Control Act, the Department demonstrated a lack of logic.

[English]

The Hon. the Speaker: It is moved by the Honourable Senator Neiman, seconded by the Honourable Senator Norrie, that the bill be now read a third time.

In amendment, it is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Laird, that the bill be not now read a third time but that it be amended by adding thereto—

Senator Langlois: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Senators: Agreed.

Motion in amendment agreed to.

The Hon. the Speaker: Honourable senators, shall the main motion, as amended, carry?

Senator Flynn: Honourable senators, I think a few words have to be said on third reading of this bill. It was introduced several months ago, and was studied by the Standing Senate Committee on Legal and Constitutional Affairs with the help of many expert witnesses.

The bill came back to us, and it appears that no one is entirely satisfied with it. Those who think that the use of marihuana or cannabis represents a real danger for society are certainly not happy with this bill. That is the conclusion I have reached from hearing the many speeches made in this place—from hearing Senator Denis, Senator Heath and others on this subject.

Those who expected that something would be done to diminish the seriousness of the offence of using marihuana, or other offences related therewith, are also unhappy with the bill.

As far as I am concerned, I took it for granted that since the government had introduced this bill, it was in favour of some liberalization. If it were not, it had only to leave the legislation as it stands today and consider marihuana as dangerous as other drugs coming under the Narcotic Control Act. Since it decided that it should amend the present legislation and transfer offences involving marihuana or cannabis to the Food and Drugs Act, it must have meant that it considered that the penalties under the Narcotic Control Act were too severe for marihuana-related offences.

If you accept that the legislation should be amended, it is because you accept that such offences are not as serious as they have been considered to be up to this time. I accept that. And the government obviously accepted that, else they would not have brought forward the legislation.

Unless, of course, the government was only trying to placate a sector of public opinion by giving the appearance of doing something, in which case the bill before us today is probably a masterful answer.

This bill, as honourable senators are aware, would transfer cannabis from the Narcotic Control Act to the Food and Drugs Act, the Food and Drugs Act being more of an administrative act and the offences under it less criminal in nature than the Narcotic Control Act.

After much study in this area, the committee accepted the bill presented by the government, with some minor amendments, such as reducing the sentence for simple possession and increasing it, in theory only, for trafficking. The committee's proposal is that the penalty in respect of trafficking be increased from 10 years to 14 years less a day. As was mentioned by several senators, recent decisions indicate that the penalties imposed are very rarely more than 10 years. So the decision of the committee in this respect is simply an attempt to calm public opinion as to the consequences of this legislation.

Some honourable senators—Senator Bonnell being one—are very much afraid of the interpretation which the public may put on what the Senate has done and is about to do with regard to this bill. I do not think the Senate should be blamed. I think the government should be blamed. If the offence is as serious as Senator Bonnell and those who share his views would have us believe, then this bill should never have come to us. Since it has come to us, I have to assume—and I do not think the work of the committee has rendered this assumption unjustified—that offences connected with the use of cannabis should not be in the same class as other offences under the Narcotic Control Act. If I don't assume that, I will have to vote against this bill, as Senator Denis has indicated he will do, because he does not like this legislation at all. He feels that the government should not promote liberalization in the area of so-called soft drugs.

What is truly annoying, however, is the awkward situation which the committee and the government is placing us in as a result of the suggested amendments. It is indulging in half-hearted measures, trying to retain most of what is in the Narcotic Control Act while, at the same time, trying to give the impression that it is doing something very important by transferring these offences from one act to the other. Its lack of conviction was proven by the refusal to accept the amendment moved by Senator Asselin. The offence of trafficking under the Food and Drugs Act does not include the word "give," whereas it does under the Narcotic Control Act. If it was the wish of the government to move substantially from one act to the other, the definition of trafficking contained in the Food and Drugs Act should have been made part of this bill. The definition of trafficking contained in the Narcotic Control Act, which does include the word "give," should not have been imported.

● (1420)

On that basis I think the legislation is entirely unsatisfactory. I do not know what the decision of the Senate will be on third reading, but one way or the other I am quite sure that it does not achieve very much. It may perhaps achieve what Senator Bonnell was afraid of, namely, giving the impression that we are liberalizing the use of

cannabis. If that was the intention, we should have been more frank and straightforward about it. Do we want to or do we not want to liberalize in this area? If we do, let us pass legislation that follows logically upon that intention. If we do not, let us vote against it.

I accept that the government did not present this legislation without having studied the substance of the problem. I assume that the witnesses who appeared before the committee gave evidence that the use of cannabis was not as serious a problem as the use of other narcotics.

In view of all this, I shall vote for the bill, but with reluctance and with no feeling whatever of satisfaction.

Senator Heath: Honourable senators, I hope we will not proceed with the bill at this time. I further hope that this house will recommend to the government that it come forward with something more progressive to look after the innocent members of the public who need protection from the menace of drug traffickers. I also hope that there will be some widening of the penal provisions of the legislation so that we do not take away from the courts their present power to give life sentences, as we are doing by this bill.

I could not help wondering when Senator Lamontagne, in his excellent speech on the economy last night, referred to the countercyclical problem, whether that is what we are running into over this problem with cannabis. Four years ago this bill would perhaps have been apropos. However, this is not the situation now. We presently have a multi-drug problem. Cannabis and the other drugs are inextricably bound together. When we put forward the right legislation at the wrong time we are doing a great deal of harm, and I suggest that is what we are doing now.

I hope that we will not proceed with this bill at the present time and, if I have a seconder, I would move that we not proceed with the bill.

Senator Flynn: Do you mean we should vote against the bill? That is a negative motion.

Senator Neiman: Honourable senators, if I speak at this time, will my speech have the effect of closing the debate?

Some hon. Senators: No.

Senator Neiman: I feel I must say a few words on the comments that have been made today by Senator Flynn and Senator Heath. We really must understand and appreciate the amount of work and thoughtful labour that has gone into the consideration of Bill S-19. As Senator Laird said last week, the committee held a total of 30 meetings on this bill, of which 21 were in public and 9 *in camera*. The *in camera* meetings were held to consider special problems the committee felt might arise respecting particular provisions of this bill.

Honourable senators, I think I can do no better than quote a passage from Dr. Harold Kalant's presentation to the committee. I think everyone would agree that Dr. Kalant is a highly respected scientist. When he spoke to the committee some time ago he made a point which we must all keep in mind. He said:

The decision which Parliament must ultimately make on Bill S-19, as on any other drug control measure, is essentially a cost-benefit analysis which involves four elements: the benefits derived from cannabis use, the cost—medical, social and otherwise—of

the use of the drug, in this case cannabis; the benefits derived from legal controls of cannabis use; and the costs—social, economic and other—of applying those controls.

These are the very problems to which the Senate Standing Committee on Legal and Constitutional Affairs has devoted its attention over the past several months. We have heard experts from every field—from the sociological fields, the scientific field, the medical field, the law enforcement field, defence counsel, the crown attorneys and representatives of government. All of these witnesses were deeply concerned with not only the health questions but also the penal questions, and consequential questions, respecting the use of this drug.

Honourable senators, I do not want to be considered as speaking for my fellow members of the committee, but I do believe there was one thing we really began to appreciate before the hearings were over. We all understood that as far as the health hazards are concerned we are only at the beginning of knowledge of this drug, cannabis, which can be characterized in many ways. We had fascinating evidence presented to us by scientists. Dr. Dana Farnsworth, a Harvard psychiatrist and chairman of the National Commission of Marihuana and Drug Abuse, appointed by the President of the United States and the Congress in 1971, called this drug "the deceptive weed." He had this to say about it:

It has a nature so diverse as to make almost any statement about it a target for contradiction. Estimates of its effects are notoriously unreliable. Its ambiguous nature appears to invite strong opinions that attempt to evoke certainty where none exists. Policy makers tend to become victims of their own propaganda. When marihuana first started to become a social problem in this country, members of Congress were led to make definitive judgments quite unsupported by reliable evidence. Laws were passed, based on definitions known to be unscientific. Criticisms that now appear valid and scientific were rejected out of hand.

I offer as an example of the statement he made the fact that marihuana, or cannabis, was placed under the Narcotic Control Act. Despite the remarks made by Senator Flynn today, there is a perfectly logical and sensible reason for simply moving it from the Narcotic Control Act to the Food and Drugs Act, and that is not to say that the government thinks it is any less dangerous than many of the drugs in the Food and Drugs Act today.

Senator Flynn: No, that has not been the attitude of the minister.

Senator Neiman: Honourable senators, I may phrase it another way. The Food and Drugs Act is only concerned with the administrative control of therapeutic drugs. There are drugs under the Food and Drugs Act which we consider much more dangerous—I believe that opinion would be generally accepted in the scientific community—than cannabis is. The committee was simply trying to deal with the state of affairs as it is. We recognize that we do not really have any concept of the potential health hazards of cannabis, but they undoubtedly are there and every member of the committee appreciated that fact just as I am sure all honourable senators do. The committee, as a

body or individually, is not encouraging the greater use of marihuana products. That is why it simply concentrated on the legal aspects of the problem involved in this bill. In fact, the amendments to Bill S-19 which have been placed before the house are not radical. There is nothing in those amendments, or in the bill itself, which would radically change the administration of the law or the general public's view of what the government thinks are the potential dangers and hazards of this substance.

● (1430)

The statement has been made that we are moving towards a somewhat softened attitude with respect to marihuana. As Senator Goldenberg pointed out, in the first amendment of substance—that with regard to the offence of possession—we are not changing much in the law as it is presently administered. There are already conditional discharges; there are already absolute discharges. The judiciary is free to make use of those provisions in our law. The only change we have recommended there is the automatic expunging of the criminal record in cases in which the judge gives either an absolute discharge or a conditional discharge. The fact is that if the judge feels he wants to give an absolute discharge, he may, but he does not have to; if he feels he wants to give a conditional discharge, he may, but he does not have to. It is only when he does either of those that there would be an automatic expunging of the criminal record.

I stress again that the judge, in deciding upon the penalty for the offence of simple possession, will still be quite free to impose a fine. If he does so, the present law still holds. The person who is charged and convicted can still apply for a pardon under the presently existing law. In effect, therefore, all we are attempting to do is simply deal with the backlog of cases in which people have been convicted of relatively minor offences, thus enabling them to obtain a discharge without going through a long, tedious process.

As Senator Goldenberg said, if this amendment is accepted here and in the other place then undoubtedly the Department of Justice will consider applying it to other cases, rather than restricting its application to offences under the Food and Drugs Act and the Narcotic Control Act. Let me stress once more that we have not done anything radical or extraordinary with the proposed legislation. We have recommended changes. I would remind Senator Bonnell that the fact the legislation was introduced in this house and then referred to committee does not mean that the committee should automatically report it without amendment. Furthermore, the fact that I sponsored this legislation does not mean I have to turn off my mind when I go into committee, and be unwilling to consider the possibility that some area might be improved. I am not suggesting that my ideas are always the best. Some of the suggestions and recommendations I put forward were not adopted by other members of the committee, and I accept that. We did not all agree.

Honourable senators, I say again that there is no suggestion that this legislation is perfect. Of course it is not perfect. This is a very difficult subject. The whole problem of cannabis use and abuse will occupy the minds of the public and the government for a long time to come. I think, however, that the committee has dealt with this bill

as fairly and as responsibly as it could. I commend the bill, as amended, to your favourable consideration.

The Hon. the Speaker: Honourable senators, I now have a motion in writing.

In amendment, it is moved by the Honourable Senator Heath, seconded by the Honourable Senator Phillips, that the motion for the third reading of the Bill S-19, intituled: "An Act to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code", be amended by striking out the word "now" and by adding the words "this day six months", at the end of the question.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Those in favour of the motion in amendment will please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are against the motion in amendment will please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Senator McElman: On a point of order, how does this motion get before the house?

Senator Argue: Let us have the vote, and get it over with.

Senator McElman: That is all very well, but there are those in the house who have great respect for the rules. I am not saying that I am one who goes very far with regard to this, but I do ask how this motion got before the house. I think this question is deserving of an answer.

The Hon. the Speaker: Honourable senators, I received the motion in writing after Senator Neiman's speech.

Senator Flynn: Perhaps I can help Senator McElman. What Senator Heath had in mind was exactly this motion, but she did not express it before resuming her seat. If Senator McElman is not satisfied with the procedure, someone else may rise and make the motion and it will come to the same result. So, I think he might as well withdraw his objection.

Senator McElman: I am not making an objection. I simply asked how this motion got before the house.

Senator Flynn: That is what I was trying to explain to you.

Senator McElman: I am grateful for your explanation. There was no explanation before, and I think we should know what is going on in this house.

The Hon. the Speaker: Call in the senators.

● (1440)

Motion in amendment of Senator Heath negated on the following division:

YEAS

The Honourable Senators

| | |
|-----------|-----------|
| Beaubien | Heath |
| Bélisle | Macdonald |
| Choquette | Phillips |
| Denis | Sullivan |
| Flynn | Walker |
| Grosart | Welch—13. |
| Haig | |

NAYS

The Honourable Senators

| | |
|-----------------------------------|-------------|
| Argue | Greene |
| Asselin | Hicks |
| Bonnell | Inman |
| Bourget | Lafond |
| Buckwold | Laird |
| Burchill | Langlois |
| Carter | Macnaughton |
| Connolly (Ottawa West) | McDonald |
| Cook | McElman |
| Cottreau | McGrand |
| Croll | McIlraith |
| Deschatelets | McNamara |
| Eudes | Molgat |
| Forsey | Molson |
| Fournier (Restigouche-Gloucester) | Neiman |
| Fournier (de Lanaudière) | Norrie |
| Goldenberg | Perrault |
| Graham | Riley—36. |

The Hon. the Speaker: I declare the motion in amendment lost.

Senator Flynn: Agreed!

The Hon. the Speaker: Shall the main motion carry?

Senator Flynn: On division.

Senator Bonnell: Honourable senators, I did not intend to speak any further on this motion, but this afternoon I have been quite shocked and amazed. I was shocked and amazed, after hearing how some honourable senators worked so hard and so long to bring forward a report with

[Senator McElman.]

recommendations for changes—which, in my opinion, are right—only to discover that all those hours of hard work—

● (1450)

Senator Choquette: And money.

Senator Bonnell: —were expended just to make sure that the bill was legal and constitutional; that there was nothing wrong with it legally. I thought the committee would have looked into the social problems of this drug. I thought, because expert witnesses gave evidence, that they would certainly have looked into the medical problems of this drug.

Senator Asselin: We did so.

Senator Bonnell: I thought they would certainly have checked into the welfare problems of this drug, and into the economic problems, but I find out this afternoon from the sponsor that the committee spent all this time looking into the legal problems of the drug.

Senator Goldenberg: Has the honourable senator seen the names of the witnesses and read the evidence heard by the committee?

Senator Bonnell: I have read some of the evidence, and was impressed by it and some of the questions asked. I was impressed by the witnesses and the committee. I was very impressed by the report, until I came to the conclusion, upon hearing the sponsor say that the committee was only discussing the legal aspects of the bill, that all my impressions were in vain.

In my opinion, this is too big a problem, too serious a problem, to have so much time spent in considering it from only one point of view. If that is the case, then we should not have third reading today, but should consider the major problems that this drug is causing in this and other countries. I would like to see the Senate sit in Committee of the Whole and call witnesses to tell us about the health problems—how the drug destroys the brain, affects the second generation children, and causes impotency and infertility in males; how it is stored in the fat cells of the brain for as many as two or three weeks; how it does so much damage, not only to long-term but short-term users; how it affects the alertness and brightness of youth; and how it affects even older persons. If all that time was spent by this important Senate committee and those important witnesses in considering the legal aspects, and forgetting the people and the social problems, then in my view the committee was remiss in its duties.

I do not wish to waste the time of the Senate if this has been done; if these aspects and other problems in addition to the legal and constitutional questions were considered by the committee. In that event, I would be prepared for the bill to receive third reading now. However, if those aspects have not been considered, and were not in the backs of the minds of the members of the committee, I think this debate should be adjourned.

Senator Choquette: We have already voted on it.

Senator Bonnell: We have voted on what? We voted that it not be given the six months' hoist, but I hope we have not voted yet on third reading, because I am on my feet right now to discuss whether we should vote yea or nay.

An hon. Senator: You are too late.

Senator Bonnell: I am not too late. Third reading has not taken place.

Senator Asselin: But to postpone it for six months.

Senator Bonnell: I voted against that. I did not want it put off for six months.

Senator Flynn: Only six days.

Senator Bonnell: I voted against the bill's being read the third time six months from now, but I am ready to vote for third reading soon.

However, I want to be sure that we have not considered this bill from just one angle. That is what worries me. I think the legislation is good, and that the committee heard expert witnesses. As I said before, I was very pleased with the report of the committee, but when the sponsor said that legality was the problem to be considered, and not the others, I became afraid of what we might be doing if we did not consider them. I think we did consider them, and that most members of that committee had those matters in the backs of their minds.

I do not wish to prolong the debate, but also I do not wish to leave the impression that I voted for the bill only on its legal and constitutional aspects. I want to vote for this bill because it was looked into and researched by the committee. Before the vote is taken I would like a member of the committee to assure me that all aspects of this measure were thoroughly considered.

Senator Goldenberg: Honourable senators, I think, in fairness to the committee of which I have the honour to be chairman, I should say a few words in reply to Senator Bonnell.

● (1500)

I asked Senator Bonnell, during his remarks, whether he had read the proceedings of the committee, and he said he had read some of them. If he would read the proceedings thoroughly he would see that the committee received evidence from expert witnesses, not on legal matters alone but on medical, psychological and sociological aspects of the use of cannabis. We heard quite a number of opponents of the legislation on medical grounds. They were given a full hearing. We had medical and scientific experts from across Canada, and from the United States. We heard both sides—those who hold the view of Senator Heath and Senator Phillips, and those who share the view of Senator Asselin.

I assure honourable senators that the committee looked into all aspects and arrived at its conclusions on the basis of an examination of all aspects of the problem.

Naturally, it all ends up in a law, and therefore there are legal considerations. We had to give a great deal of thought to what the committee wanted to do. The committee wanted to save youngsters—I am repeating what I said in introducing the report of the committee—from having a criminal record for a first offence of possession in case of discharge; and there we had to do a lot of inquiring into the law.

I merely repeat that the committee considered every aspect mentioned by Senator Bonnell in the course of his remarks.

Senator Buckwold: Honourable senators, I want to supplement, for the benefit of Senator Bonnell—who I understand would like to be convinced that he should vote for this particular measure—

Senator Flynn: He is not the only one.

Senator Buckwold: I want again to put on record the fact that the President of the Canadian Medical Association—an organization of which I am sure the honourable senator is a distinguished member—was one of the first witnesses. I refer to Dr. Bette Stephenson.

The honourable senator raised the question of the medical aspects of the problem. I wish to re-emphasize that among the very first witnesses was the representative of the medical profession of this country who, in completely and absolutely unequivocal terms, gave an endorsement of the bill now before us. As a matter of fact, I think she would have encouraged the committee to go further. She presented evidence of studies done by the Canadian Medical Association to the effect that they could find nothing that would inhibit the passage of the legislation now before us, including all the committee's recommendations.

I want to get this on the record again so that when this appears in the press, if it ever does, the Canadian public will be made aware that the committee did not deal just with the so-called legal problems—something which I am sure the mover of the motion merely drew to the attention of honourable senators as one aspect that faces a committee when dealing with the law.

The fact is that I, as one who was not that easy to convince on this particular bill, was completely satisfied, mostly as a result of the evidence of the Canadian Medical Association.

Senator Sullivan: Honourable senators, I should like to make a few remarks.

The honourable sponsor of this bill moved second reading on December 5 last year, and I spoke immediately following her introduction. I remind Senator Bonnell that 90 per cent of my presentation concerned medical aspects. All of what Senator Buckwold has just said was in my speech, as were the final remarks of Senator Neiman concerning Professor Kalant.

As I saw the committee progress, I could see that I was again in the jungle of lawyers. Although I did take an interest when it was physically possible for me to do so, I was a little upset in one respect. We heard from experts, and we did not have to go to foreign fields to find them. The most outstanding man on the continent in this particular field is probably Professor Harold Kalant of the Department of Pharmacology and head of the Alcohol and Addiction Research Foundation in Toronto. He made a masterful presentation.

The reason I voted against the bill is because—here I agree with Senator Bonnell—I felt that more of the medical problem should have been considered.

Of three points that I made in my speech on December 5, the third—and I think it could have been taken into consideration—was this:

Since the knowledge of the long-term effects of cannabis use will obviously increase with time, and the balance of relative costs arising from law enforce-

ment and from heavy drug use will become easier to assess, would it be worth while to make any changes in the law initially on a trial basis, as was done for repeal of capital punishment?

I might say I am in favour of capital punishment.

If this were obligatorily linked to a monitoring of the costs of the law, the extent of cannabis use, and a follow-up of the effects on known users, the definitive legislative decision at the end of the trial period would be assured of a sounder basis.

And medical science would be in a better position to give a definitive answer in the near future.

At this very moment another investigation is being carried out in the Medical Sciences Building of the University of Toronto, under the jurisdiction of Dr. Kalant and myself, of the effects of cannabis on the hearing mechanism and balance mechanism of heavy users.

Therefore, I feel a little bit chagrined that the speech I made, which contained all the leading authorities that one could really find, plus a masterful presentation from Dr. Kalant, was a little bit overlooked.

Senator Neiman: Honourable senators, may I say that I have here a complete list of all the witnesses who appeared before the committee. If honourable senators wish it tabled, I shall be glad to do so.

Senator Flynn: No, no.

Some Hon. Senators: Question.

The Hon. the Speaker: Shall the main motion carry?

Some Hon. Senators: Agreed.

Senator Flynn: On division.

Motion agreed to and bill read third time and passed, on division.

JUDGES ACT AND CERTAIN ACTS IN RESPECT OF THE SUPREME COURTS OF NEWFOUNDLAND AND PRINCE EDWARD ISLAND

BILL TO AMEND—THIRD READING

Senator Laird moved the third reading of Bill C-47, to amend the Judges Act and certain other Acts for related purposes and in respect of the reconstitution of the Supreme Courts of Newfoundland and Prince Edward Island.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Laird, seconded by the Honourable Senator Carter, that the bill be now read a third time.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Lionel Choquette: Honourable senators, let me reassure you at once that I am not speaking on third reading to oppose this bill, or to move an amendment. However, there are a few things which I think need to be said at this time.

Respect for law is a principal cornerstone of a free society. It is a subjective concept that must stem from the people. Another word for it is "law-abidingness." It is sometimes referred to as the rule of law, rather than of

[Senator Sullivan.]

men. In any event, without it, however it is described, our society will soon disintegrate, leading to anarchy, leaving in its wake some form of facism or communism.

● (1510)

I need not remind honourable senators that in recent years there has been a serious erosion in respect for the law throughout this country. There has been a plethora of illegal strikes, but disrespect for the law is by no means limited to the workers of this country; it exists in high places, as you know. I need only cite "Harbourgate" and capital punishment as examples. The law requires capital punishment for the murderers of policemen and prison guards. Yet, the government in every case, under the umbrella of executive clemency has, in effect, nullified the law.

It is our duty as lawmakers to enact wise laws that will command the respect of the people, and it is the duty of the judges to administer the law without fear or favour. The judges are doing their duty. We have as fine a corps of judges as has any country, and that is why I support this bill. However, are we as legislators doing an equally good job? If we examine our consciences we will find, I think, that we have important work to do to stop this erosion of law-abidingness, which continues to threaten the very foundations of this country.

Senator Flynn: Honourable senators, I wish to add a footnote, not to what Senator Choquette has said but to the committee hearing of yesterday. The committee hearing dealt mainly with the situation of the widows of judges who died several years ago. It was decided that there was nothing the committee could do. However, I think that the evidence the committee heard should suggest to the government that it would be wise to take a second look at the problem in an endeavour to correct a situation that needs correcting. There are many cases which are deserving of more sympathetic consideration. Even after the improvements contained in this bill go into effect, some of these widows will still be faced with having to live on ridiculously low pensions.

Senator Walker: Honourable senators, I wish to correct an impression that I may have given. I am in favour of the bill and the increase in salaries for judges of not only the Supreme Court of Canada and the superior courts of the provinces but also the county courts. Every part of this bill has my support and agreement.

Motion agreed to and bill read third time and passed.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION ACT

BILL TO AMEND—THIRD READING

Senator Langlois moved the third reading of Bill S-27, to amend the Canadian Overseas Telecommunication Corporation Act.

Motion agreed to and bill read third time and passed.

BRITISH NORTH AMERICA ACTS, 1867 TO 1975**BILL TO AMEND—THIRD READING**

Senator McIlraith moved the third reading of Bill C-3, to amend the British North America Acts, 1867 to 1975.

Motion agreed to and bill read third time and passed.

SALARIES ACT**BILL TO AMEND—SECOND READING—DEBATE ADJOURNED**

Hon. John J. Connolly moved the second reading of Bill C-24, to amend the Salaries Act.

He said: Honourable senators, Bill C-24, if passed, will amend section 3 of the Salaries Act, which is chapter S-2, Revised Statutes of Canada, 1970.

As honourable senators are aware, the British North America Act of 1867 makes provision for the office of lieutenant governor in each of the provinces, and section 60 of that act provides that the salaries of lieutenant governors shall be fixed and provided by the Parliament of Canada.

This bill, if passed, will fix the salaries of lieutenant governors in all the provinces uniformly at the level of \$35,000 a year.

I might add at this point that the income tax applicable to a taxable income of \$35,000 is in excess of \$10,000, and the salaries that are being provided at this new level for the lieutenant governors are, of course, taxable.

Perhaps honourable senators might be interested in knowing the recent history of the salary levels for lieutenant governors in all the provinces. In 1952, the salaries were as follows: for Ontario and Quebec, \$10,000; for Prince Edward Island, \$8,000; for all of the other provinces, \$9,000. Those levels were changed in 1963 and, in fact, doubled. For Ontario and Quebec the salary was increased to \$20,000; for Prince Edward Island, to \$16,000; and for all the other provinces, to \$18,000. There have been no salary changes since 1963.

I felt I should get as much additional information as I could for the benefit of honourable senators. In addition to the salaries provided for lieutenant governors, I am told that there have been federally provided allowances since 1952. These are non-accountable allowances and are made to lieutenant governors for hospitality and other expenses within the capital where each is seated. In 1974-75 these non-accountable allowances were \$18,000 for the three provinces of British Columbia, Ontario and Quebec; \$15,000 for Manitoba, Saskatchewan and Alberta; \$12,000 for New Brunswick, Nova Scotia and Newfoundland; and \$10,000 for Prince Edward Island. In addition to these non-accountable allowances an annual fund of \$100,000 was provided by the federal government in 1973, on a trial basis, to cover expenses incurred by lieutenant governors outside of the provincial capitals. I am informed that resort to this fund has been relatively light, and that in no one year has it exceeded more than \$15,000 or \$20,000.

● (1520)

In addition to these federal salaries and allowances, there are benefits provided by provinces. A residence is provided in a good many provinces. In fact, all provinces but Ontario and Saskatchewan provide a residence for the

lieutenant governor. I am informed that Government House in Alberta is available to the lieutenant governor as a residence, but it seems to be part of the provincial museum and is not used very extensively by the lieutenant governor. I am also informed that there are very good facilities provided by some of the provincial governments in the way of a residence, staff, furniture and the other requirements of a government house in the provinces of Quebec, British Columbia, Nova Scotia, Newfoundland and Prince Edward Island, although a little less in the other provinces.

Senator Croll: Is there a pension?

Senator Connolly (Ottawa West): At the moment there is no pension for the lieutenant governors, but Bill C-23 will shortly reach us, which will make provision for pensions for the lieutenant governors on a contributory basis.

It may be of value, honourable senators, if I were to list at this point in my remarks the names of each of the lieutenant governors, the province for which he serves and the date of his appointment.

Senator Croll: He or she.

Senator Connolly (Ottawa West): I am sorry—he or she. It is useful information to have on record, and might be particularly useful when the pension bill reaches us. The list is as follows:

| PROVINCE | NAME | DATE APPOINTED |
|----------------------|-----------------------|-------------------|
| Quebec | Hugues Lapointe | 22 Feb. 1966 |
| Saskatchewan | Dr. Stephen Worobetz | 22 Dec. 1969 |
| Manitoba | William John McKeag | 3 July 1970 |
| New Brunswick | Hédard J. Robichaud | 7 Oct. 1971 |
| British Columbia | W. S. Owen | 13 Feb. 1973 |
| Nova Scotia | Dr. Clarence L. Gosse | 10 Sept. 1973 |
| Ontario | Mrs. Pauline McGibbon | 17 Jan. 1974 |
| Newfoundland | Gordon A. Winter | 21 Mar. 1974 |
| Alberta | Ralph Steinhauer | 30 Apr. 1974 |
| Prince Edward Island | Gordon L. Bennett | 22 Oct. 1974 |

Senator Choquette: What is the term of office? Is it indefinite?

Senator Connolly (Ottawa West): The term of office is normally five years, but it is during pleasure. It is normally five years, but nothing is required to extend it; it is done on an informal basis.

On motion of Senator Asselin, debate adjourned.

THE ECONOMY**DEBATE CONTINUED**

The Senate resumed from yesterday the debate on the inquiry of Senator Lamontagne, calling the attention of the Senate to the state of the Canadian economy.

Hon. Jacques Flynn: Honourable senators, I do not intend to speak very long. I feel, after what I did to Senator Desruisseaux last night, that I have a duty to participate. I want to say at the outset that we should be

thankful for a rather profound and well-documented speech by Senator Lamontagne.

Some Hon. Senators: Hear, hear!

Senator Flynn: He said it was his maiden speech on the subject of economics, and I commented, "It is about time," because he has been here several years now. I hope he will in future favour us more often with speeches of this kind.

I am not too sure that the timing of Senator Lamontagne's speech was good. That, of course, is not entirely his fault. He intended to address us on this subject anyway last week. But the course of our deliberations did not permit him to go ahead. Certainly, making that speech only six days before Mr. Turner presents his budget speech does not allow much time for us to debate the question in a way that can be useful to Mr. Turner. I am quite sure, however, that some of Mr. Turner's advisers will at least bring Senator Lamontagne's speech to the minister's attention.

I have only a few remarks to make about what I could describe as Senator Lamontagne's recipe for avoiding future inflations followed by recessions. As he sees it, we are in this mess because governments have never learned to react properly to the economic indicators. They have been expansionist when they should have been restrictionist, and vice versa. In addition, they have been gloriously inept in their timing.

It does not seem to have occurred to Senator Lamontagne that we might be better off if governments, especially the present government, would only learn to keep their hands off the economy, to interfere less instead of more. He recommended at the end of his speech that the government implement timely countercyclical policies to minimize cyclical inflation. Why did he not recommend that they simply interfere less? Why did he not recommend something new, refreshing and avant-garde; for instance, a freer market economy? We live in a mixed and government-controlled economy; government controls have become more and more oppressive over the years, and the results have been depressing.

We are in a recession now, and have been for several months. Inflation is destroying us, and all Senator Lamontagne can suggest is more government intervention. Instead of spending his time on the differences between cost-push and demand-pull inflation, Senator Lamontagne would have been well advised to devote more time to the root causes of inflation. The statist philosophy will never die as long as Senator Lamontagne is around. To him econometrics is the answer. Give the economic hotshots in the Finance Department a whole lot of figures they can graph and all the authority they need to control our economic lives as they see fit, and there won't be a problem.

Not once did Senator Lamontagne suggest that the government cut back on its spending. He recommended the status quo for now in spending. That is not good enough. The government, if we are ever to restore health to the economy, will have to cut its spending drastically. That is not what Senator Lamontagne said, but it is what the Standing Senate Committee on National Finance said when it studied the estimates for the current fiscal year. I

[Senator Flynn.]

suggest to you that that is what Senator Lamontagne should have been saying last night.

Senator Lamontagne belittled the idea of tax cuts. More statism. Never limit the income of the government; give them more money to waste. Well, I am convinced that taxes must be cut. The private sector and individual wage earners must be permitted to keep and administer more of what they have earned, more of what is rightfully theirs.

Honourable senators, it will be very interesting to compare Senator Lamontagne's views with those of the Minister of Finance next Monday night. The task with which the Minister of Finance is confronted is not an easy one.

● (1530)

I am not convinced that Senator Lamontagne is right when he says we are out of the recession. Nor am I convinced he is right when he says tax cuts are not the answer, that we must maintain the status quo in taxation of personal and corporate income. There are many authorities other than Senator Lamontagne who are not convinced that the indicators point to an exit from this recession. The number and reputation of those authorities lead me to doubt that the position taken by Senator Lamontagne is the proper one. He may consider himself a better judge than I. Given his background, he may be a better judge. But I am satisfied that I am in good company. It will be interesting to see if this time the government or the Minister of Finance agree with Senator Lamontagne. He told us last night that in the past he has been a better judge than the government and the various ministers of finance. He may have been better at spotting upturns and downturns, but this layman humbly suggests there is more to economics than that.

Hon. Eugene A. Forsey: Honourable senators, I want to intervene in this debate for the purpose of saying two things. One is that I think the speech we heard last night from Senator Lamontagne was one of the finest, one of the most penetrating, one of the most valuable I have heard since I came into this chamber. I hope that ears in the other place, in high places, will be open to what he said.

Secondly, I want to say, merely by way of what some senators may think irrelevant reminiscence, that I recalled last night to Senator Lamontagne that when the late Mr. Pearson was forming his first government I had the temerity to suggest to him that he should make Senator Lamontagne finance minister. After listening to that speech last night I regretted very much that my rash and impertinent advice to the Prime Minister of that day had not been taken.

On motion of Senator Carter, debate adjourned.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Sparrow, seconded by the Honourable Senator Cameron, for the adoption of the Report of the Standing Senate Committee on National Finance on the Estimates laid before Parliament for the fiscal

year ending the 31st March, 1976—(*Honourable Senator Langlois*).

Senator Langlois: Honourable senators, I beg leave to yield to Senator Perrault.

The Hon. the Speaker: Is leave granted?

Some Hon. Senators: Agreed.

Hon. Raymond J. Perrault: Honourable senators, it is distressing to note the voice of pessimism we heard the other day in this chamber, the voice of the Honourable Senator Grosart; and again today that same sombre, dark, foreboding note of pessimism expressed by the honourable Leader of the Opposition.

Senator Flynn: The sober, second look.

Senator Perrault: There are people in our society who would say, when there is only 50 per cent water in a glass, that the glass is half empty, and there are other people who say that that glass is 50 per cent full.

Senator Flynn: And there are some people who change their views according to whether they are on this side or the other.

Senator Perrault: There is a basic philosophical difference in attitude.

In resuming the debate on Senator Sparrow's motion of last Wednesday, Senator Grosart outlined with considerable force—

Senator Flynn: And skill.

Senator Perrault:—and power—I shall not use the word "skill"—the need for budgetary restraint by all levels of government. His leader echoed the same thing a few moments ago, in speaking to the admirable speech delivered by Senator Lamontagne.

Senator Flynn: I was only endorsing the committee's report.

Senator Perrault: I want to assure honourable senators on the other side who take this position that many Canadians of all parties share the view that there should be restraint shown by governments at this particular time in the economic development of this nation.

Senator Flynn: Good.

Senator Grosart: Hear, hear!

Senator Perrault: The honourable senator the other day opened by raising the possibility that the 1975-76 estimates, considered by the Standing Senate Committee on National Finance, may be substantially altered by the new budget to be tabled by the Minister of Finance in a few days' time. The estimates, as well as the 16 per cent target for containment of increases established by the President of the Treasury Board, were established on a set of economic assumptions which the Minister of Finance may well alter in the light of the latest information. Surely we would not wish any minister of finance, either at the federal level of government or at the provincial level, to be so inflexible as to be unwilling or unable to adapt to the economic circumstances which may present themselves from time to time.

Senator Flynn: Great.

Senator Perrault: Inflexibility would be the height of folly.

Then we were told the other day by Senator Grosart that—and I think these were his words—there is not the slightest chance that the President of the Treasury Board will be able to meet his commitment to keep 1975-76 total expenditures within 16 per cent of those of the previous year. I want to remind honourable senators that the commitment was made and reinforced several times by the President of the Treasury Board, and he is determined to meet that goal within the existing fiscal framework.

If the budget speech again changes some of the assumptions upon which this target was set, any restraint program, if indeed restraint is to continue to be a feature of government efforts at the federal level, will only deviate to the extent imposed by any new assumptions.

Let us get back to this demand labelled "restraint." It is one which, as Senator Grosart pointed out, is more easily made in its generality than in any specific programs of government. How many times have we heard from political platforms the cry for restraint—the demand that we must cut back on government spending. I remember one dialogue in which I was involved some months ago. I put the question, "You say we must engage in restraint, you say there must be massive cut-backs—where would you start?" And the reply was, "That is not our job, that is government's job."

Again the other day we heard the word "restraint" expressed in a general way by Senator Grosart, but there was a significant lack of specifics on where we would start. It is often stated that we should start with certain services. It is all very well to talk about a cutback in Information Canada or the Local Initiatives Program, but these are extremely small items in relation to the total amount of dollar spending by any level of government.

Senator Grosart: What about the \$2 billion in unemployment insurance?

Senator Perrault: I am coming to that. But surely the honourable senator is not suggesting that those people who have paid their unemployment insurance premiums and find themselves unemployed at this particular time are not entitled to have that problem of unemployment covered by the unemployment insurance program?

The honourable senator specifically warned us at the start of his remarks—and I want to be exact in my quotation of him—that he would not, as he phrased it, be put "on the spot" at this time to reveal what cuts he would be prepared to recommend. I think all of us in government want to encourage the honourable senator, with all of the sincerity we can muster, to put himself "on the spot" and reveal to us where these major cuts are going to be made. I want to assure him at the same time that the government is ever mindful of the need for restraint.

In justice to him, I think it has to be admitted that he relented somewhat as he warmed to his subject, and that he did give us some broad classes of subjects where in his view questionable expenditures are likely to be found. His remarks were especially interesting in that, while he kept close counsel and did not say specifically where to cut, he had some quite clear and specific advice as to a few areas where no cuts were necessary.

He was willing to suggest, for instance—and this was a candid and admirable characteristic of that speech—that oil subsidy payments were tantamount to bookkeeping entries because the money went directly into the consumer's pocket. Certainly nobody in Canada is going to resent the fact that substantial amounts of money are finding their way to the hard pressed consumer. But surely the senator was a little less forthcoming when he failed to let that same spirit of understanding temper his wrath, chagrin and dismay at the extent of the supplementary estimates in 1974-75. When he came to that point in his speech he did not seem to consider that the \$1.3 billion in the supplementary estimates for oil subsidies was a matter to be disregarded in his process of condemning the totals involved. What, at one point in that speech, was a back-handed compliment to the government for putting so much money into the pockets of the consumers of Canada became, just a few moments later, part and parcel of a general condemnation of the government for extravagance.

● (1540)

One of the main reasons and purposes of the supplementary estimates was, of course, the fact that this \$1.3 billion was rather unprecedented, and was unforeseen to a large extent, for reasons known to all senators.

The senator's generous vein was pursued in discounting transfer payments to the provinces, since again those are instances where the federal government collects money not for its own purposes but for expenditure by others. I think those who support the government are dismayed from time to time to note how little credit is given to the federal government for having to pluck all of these taxation feathers—and in the process Ottawa gets all of the hissing with none of the benefits.

The senator applied the same standard to family allowances. That was a generous thing for him to do. He was only slightly more reticent when it came to such programs as old age security, the guaranteed income supplement and unemployment insurance. I realize that in his heart the senator supports unemployment insurance. Together with all of us, he wants to see it administered as efficiently as possible. That is what we in government support. I can only presume since programs like unemployment insurance and the others, however, also involve the collection of money for redistribution to individuals, that they do not qualify for that list of items which are "ripe for cutting back" by the honourable senator.

If I may question Senator Grosart on any point, I want to say that I do so with a great deal of hesitation because of his great candour in volunteering advice the other day. The reason for questioning, however, is that he left the impression that the sums of which he spoke were negligible by comparison with direct federal expenditures where he alleged—I think these were his words—"great extravagance."

He spoke of something in excess of \$2 billion for transfers to provinces. I am sure he meant to say \$6 billion because that is more closely the figure, but he said well over \$2 billion. I would say that \$6 billion transferred to the provinces is "well over" \$2 billion! He did not attempt to quote a figure for transfer payments to individuals, which is certainly a significant part of government activ-

ity, but let us put it on record this afternoon. The figure in question—that is, transfer payments to individuals—is in the neighbourhood of \$9 billion. So we have transfers to provinces of \$6 billion, not \$2 billion; and transfers to individuals of \$9 billion, for a total of \$15 billion transferred by the federal government. That is \$15 billion—not \$2 billion.

These facts must be placed on the record, because there have been some unfair attacks on the Minister of Finance and the government in respect of matters of this kind.

If the senator's test is to separate transfers to other governments and individuals, as being acceptable and unavoidable, from other types of federal expenditures, then I simply repeat that the total for the two types of transfers was \$15 billion in 1974-75 on a main estimates base of \$22.022 billion. For that year they represent precisely two-thirds of the total. Given the fact that \$2 of every \$3 collected was slated for expenditure by someone other than the federal government itself, it is perhaps less surprising that substantial supplementaries were needed in 1974-75 to cope with inflation, not only in some of the direct programs but primarily in escalated transfer requirements such as that oil compensation figure we spoke about a few minutes ago of \$1.3 billion, provincial revenue guarantees and transfers of \$786 million, hospital insurance and medicare of \$442 million, and so on.

However, Senator Grosart did single out the whole area of the purchase of goods and services which accounts for most of the government's direct operations, as honourable senators are aware. He alleged that this is the sphere in which, with the federal government in the lead, an increasing percentage of the gross national product is being consumed by all governments. He then went on to cite and endorse a recommendation by the Canadian Economic Policy Committee with which I find myself in total agreement. The reference appears in the record of his remarks at page 1056 of *Hansard* of last Wednesday:

Specifically, the target should be that total spending on goods and services by governments at all levels should not be allowed to expand at a rate more rapid than the overall growth potential of the economy.

That is a statement of the Canadian Economic Policy Committee with which the honourable senator agrees, and I too find myself in agreement with it. That recommendation is good. More pertinently, it is one to which the federal government subscribes and in which it has set an example. That is not known to enough people in this country and certainly is a fact not recognized by many members of the media and those who are active in public life.

Far from wishing to put Senator Grosart—and since he used the expression "on the spot," I will do the same—on the spot, I have reviewed his comments in a true liberal spirit of seeking to pursue the principles he set forth in making judgment on the validity of specific government expenditures. If, as he suggests, the fiscal culprit in our national economy is an expansion in the purchase of goods and services, then the argument should be clearly demonstrable from national accounts. It should be right there.

There does not appear to be a shadow of a doubt from Senator Grosart's statements that he would expect the

results of such an analysis to show that the federal government is taking money out of the economy for goods and services at a faster rate than the economy is growing. The analysis is a simple one. The figures are on record for anyone who wants to spend a brief few moments in fundamental analysis to see. And I am surprised that the honourable senator did not test his allegations against those facts.

Honourable senators, this statement can be made without refutation: over the last 20 years the federal government has not been spending on goods and services at a faster rate than the growth of the economy. It has been spending, in fact, at a considerably lower rate. In 1954 the percentage of gross national product applied by the federal government to goods and services was 8.9 per cent. Since 1954 the percentage of GNP applied by the federal government to goods and services has gradually decreased from 8.9 per cent in 1954 to 5.2 per cent in 1974.

That is hardly the action of a profligate and wasteful government. Yet, in blaming all governments for excessive increases in this sector, Senator Grosart singled out the federal government as the worst offender.

Senator Grosart: I did not.

Senator Perrault: Perhaps he may wish to make an analysis of the record of the Government of Ontario, which has been that of a well known party for a considerable number of years. He may find out what has happened with regard to the percentage of the GNP applied by that government to goods and services between 1954 and 1974.

• (1550)

Senator Grosart: I am confident that the honourable leader does not wish to misrepresent me. I am quite sure I never singled out the federal government. I was very careful, in every reference, to speak of "total government expenditures," which is the accepted term for all three levels of government. I am quite specific in saying that I have never, as far as I know, suggested that the rate of increase by the federal government was greater than that of other governments, because I know the contrary to be true.

Senator Perrault: I appreciate Senator Grosart's clarification on that point, and if I was under an incorrect impression I am pleased to have his explanation. However, as it turns out, according to the honourable senator's own yardstick, the federal government is not really the offender. This may not be a charge which he has levelled, but I feel it is important to get these facts on the public record. I think that whoever makes that kind of charge directs it at the wrong level of government. It is the wrong target that is aimed at when attempting to establish federal responsibility for an inordinate increase in the percentage of the gross national product invested in goods and services.

The same national accounts make clear at what levels of government, and to what extent, the purchase of goods and services has been a dramatically increasing factor. In 1954 the provinces consumed 2 per cent of the gross national product for these purposes, and the municipalities 3.8 per cent. By 1974 the provinces had increased their 2 per cent portion to 5.2 per cent of the gross national product, while the municipalities had reached 6.4 per cent of the gross national product for purchases of goods and

services. In short, the federal government has not only met the guidelines recommended by the Canadian Economic Policy Committee, but has, in fact, bettered them by one-third. During the same period the provinces have increased their share of the gross national product by 150 per cent, and the municipalities by about 90 per cent, but I simply leave it to honourable senators to judge which level of government gets the blame in the editorials attacking the governments for alleged "profligate spending," "wasteful spending" and "overspending."

Of the \$27 billion spent by all governments on goods and services in 1974 the federal government spent only \$7 billion. Yet this is the sector of federal spending which some choose to criticize as a central cause of inflation. As much as I concur in the need for restraint—and I assure honourable senators that this is a sentiment shared by my colleagues in government—I fear that the formula advanced by Senator Grosart the other day leaves very little scope for meaningful budgetary reductions. He has, in effect, taken the \$15 billion in transfer payments, which is collected by the federal government and spent by others, and applied norms to the assessment of expenditures on goods and services which show these to be moderate to the point of being positively exemplary. I think all of us in this chamber are very much interested in fair play.

Senator Grosart: I would like to make a correction. I am not speaking twice in the debate, but merely suggesting that my remarks may have been misconstrued.

The honourable the Leader of the Government made a good deal of the difference between my figure of \$2.6 billion, as the budgetary fiscal transfer to the provinces, and the figure of \$6 billion which he quoted. I would merely remind him that the figure I quoted is the official figure for fiscal transfers—that is, transfer payments to the provinces—as shown in table 1 of the government's own publication *How Your Tax Dollar is Spent, 1975-76*, issued by the Department of Finance.

Just for his information, in case he is not aware of it, the figure he quoted is not a budgetary figure.

Senator Perrault: I think the statement of Senator Grosart is certainly correct, to the effect that there was a \$2.5 billion fiscal transfer to the provinces; but that is only part of the picture. In fact, the total payments to the provinces exceeded \$7 billion.

Senator Grosart: I was speaking of budgetary figures, and the honourable Leader of the Government is apparently not yet aware of the difference between budgetary and non-budgetary figures.

Senator Perrault: I am deeply aware of the difference.

Senator Grosart: What is the difference?

Senator Perrault: In establishing guilt or innocence in this matter of contributing to inflation through government spending, this additional amount of \$4 billion cannot be ignored, whatever category you place it in.

Senator Grosart: I have no objection to that statement. I am merely rising to correct the correction the Leader of the Government made, when he said that my figure was wrong. I am saying to him that my figure is correct, according to the authority I have just quoted.

Senator Perrault: As far as it went.

Senator Grosart: But how much farther do I go?

Senator Perrault: At least as far as \$7 billion.

Senator Grosart: Can I go beyond the official statement by the Minister of Finance?

Motion agreed to and report adopted.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, before I move the adjournment of the Senate, I remind you that the

Standing Senate Committee on Transport and Communications is scheduled to meet in room 256-S when the house rises. This meeting will be delayed for some 15 minutes owing to the fact that a party caucus is scheduled for the same time. I am sure the delay will be for no more than 15 minutes.

Senator Asselin: Which is more important—caucus or committee?

Senator Bourget: Both are important.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 19, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DISTINGUISHED VISITORS IN GALLERY

The Hon. the Speaker: Honourable senators, I would like to welcome in your name a group of distinguished parliamentarians of the Commonwealth Parliamentary Association branches in the African region who are completing in Ottawa a tour of Canada. I wish to express my best wishes to every one of them.

Hon. Senators: Hear, hear!

The Hon. the Speaker: I also welcome a delegation from the British Columbia Legislature and one from the Alberta Legislature; they are most welcome here.

Hon. Senators: Hear, hear!

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN SENATE GALLERY OF
HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, as previously announced, the Minister of Finance will deliver his budget speech in the other place on Monday, June 23, at 8 o'clock in the evening.

May I be permitted to remind honourable senators that none but senators will be admitted to the Senate Gallery of the House of Commons on that occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible. In this manner, senators will not be excluded from the gallery on account of many of the places being occupied by relatives and friends of senators.

May I add that such instructions were first issued in 1931 by the then Speaker of the Senate, the Honourable P. E. Blondin, and that this practice has been followed ever since by succeeding Speakers.

Senator Asselin: I hope that Senator Lamontagne will have a very privileged place in the House of Commons on this special occasion.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Orlikow had been substituted for that of Mr. Brewin on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Fraser had been substituted for that of Mr. Ritchie on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

OLD AGE SECURITY ACT OLD AGE ASSISTANCE ACT

BILL TO AMEND AND TO REPEAL—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-62, to amend the Old Age Security Act, to repeal the Old Age Assistance Act and to amend other Acts in consequence thereof.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

June 19, 1975

Madam,

I have the honour to inform you that the Right Honourable Bora Laskin, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 19th day of June at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,

Your obedient servant,
André Garneau
Brigadier General
Administrative Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

● (1410)

INTERNAL ECONOMY

COMMITTEE ON SCIENCE POLICY—SUPPLEMENTARY BUDGET TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the supplementary budget presented to it by the Chairman of the Special Senate Committee on Science Policy for the proposed expenditures of the said committee respecting the holding of a special meeting to determine the feasibility of establishing a Commission on the Future as authorized by the Senate on November 21, 1974.

COMMITTEE ON NATIONAL FINANCE—SUPPLEMENTARY BUDGET TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the supplementary budget presented to it by the Chairman of the Standing Senate Committee on National Finance for the proposed expenditures of the said committee with regard to its examination and consideration of such legislation and other matters as may be referred to it, authorized by the Senate on December 5, 1974.

COMMITTEE ON EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE—SUPPLEMENTARY BUDGET TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the supplementary budget presented to it by the Joint Chairman of the Special Joint Committee of the Senate and House of Commons on Employer-Employee Relations in the Public Service for the proposed expenditures of the said committee with regard to its consideration and recommendations upon Parts I, II and III of the paper entitled "Employer-Employee Relations in the Public Service of Canada," prepared by the Chairman of the Public Service Staff Relations Board, authorized by the Senate on November 14, 1974.

OCEAN DUMPING CONTROL BILL

REPORT OF COMMITTEE

Senator Carter, Chairman of the Standing Senate Committee on Health, Welfare and Science, reported that the committee had considered Bill C-37, to provide for the control of dumping of wastes and other substances in the ocean, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

[The Hon. the Speaker.]

Senator Langlois: With leave, honourable senators, I move that it be read the third time now.

The Hon. the Speaker: Honourable senators, you have heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

TWO-PRICE WHEAT BILL

REPORT OF COMMITTEE

Senator Argue, Chairman of the Standing Senate Committee on Agriculture, presented the report of the committee as follows:

Thursday, June 19, 1975

The Standing Senate Committee on Agriculture to which was referred Bill C-19, intituled "An Act to provide for payments in respect of wheat produced and sold in Canada for human consumption in Canada" has, in obedience to the order of reference of Wednesday, May 21, 1975, examined the said bill and now reports the same without amendment.

However, your committee is concerned that the real value of the floor price established on September 11, 1973, when the two-price wheat policy was implemented, has been diminished by the considerable increases in the costs of producing wheat and that it is no longer a fair and reasonable price for wheat produced and sold in Canada for human consumption in Canada.

Your committee therefore recommends that, immediately upon the coming into force of the Act, the Minister undertake a review of the two-price wheat policy in accordance with subsection 5(3) of the Act. Subsection 5(3) reads as follows:

"5(3) The Minister shall, on an annual basis and in consultation with the producers, review the provisions of this Act and all related regulations enacted by the Governor in Council with a view to making such recommendations to the Governor in Council as are appropriate in the light of prevailing costs of production of wheat and returns to producers."

Respectfully submitted.

Hazen Argue,
Chairman.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Senator Argue: Honourable senators, I believe this bill was introduced by Senator Molgat, but with leave of the Senate I would move third reading at this time.

The Hon. the Speaker: The house has heard the motion. Is it agreed, honourable senators?

Senator Grosart: Honourable senators, before giving leave I think we should have an explanation. It is true that our rules make it possible to adopt the report of a committee which does not propose amendments to a bill. In fact it is automatically adopted. Our rule says that third reading

shall be moved for a future date. It is not my intention at the moment to hold it up if it is the desire, as I gather it is, to obtain royal assent today. Before the request for third reading now is carried further, I would ask that an explanation be given of the recommendation.

Senator Flynn: Why did you stop half way without an amendment?

Senator Argue: Am I being asked why we should have third reading now?

Senator Grosart: No, just to explain the recommendation before you ask for leave.

Senator Langlois: Just explain the recommendation.

Senator Argue: Honourable senators, Bill C-19 provides in clause 5(3) that on an annual basis the minister will review the two-price wheat policy, and he may, if he thinks it desirable, make recommendations that there be an upward revision in the \$3.25. In fact, I believe that this policy has been in operation since September 1973. Since then there has been a further substantial increase in the costs of production. It was the opinion of the representatives of the Ontario Wheat Producers' Marketing Board, when they appeared before our committee, that if this bill passes it will result in an immediate review, and they were under the impression that this would very quickly result in an increase in the price of wheat. Some members of the committee felt that the word "annual" might be construed to mean one year from now, so we are recommending merely that the first annual review be made now and not a year from now, because of the increase in costs.

Senator Flynn: Could it not have been done by an amendment, if you wanted to be sure? I do not know why the chairman of the committee hesitated this time. Usually he brings in amendments.

Senator Lamontagne: It is more effective to make a recommendation.

Senator Argue: I do not bring in amendments unless the committee passes them. I bring in amendments on behalf of the committee; I do so if I am asked to. However, we will see what happens with this recommendation.

Senator Perrault: This afternoon the Leader of the Opposition is showing an uncommon interest in wheat problems. I hope that from now on he will regularly attend meetings of the Standing Senate Committee on Agriculture so that he will be able to move his own amendments.

Senator Flynn: I would not mind, but Senator Argue takes up so much space in the committee that there would be no room for me.

Senator Argue: On the contrary; we would be delighted to see the Leader of the Opposition attending committee meetings, as well as the Leader of the Government, because they are both *ex officio* members. I might point out that at the last number of meetings we have had two active and competent members of that committee from the official Opposition, so perhaps the Leader of the Opposition is represented there in another way.

● (1420)

Senator McDonald: Honourable senators, I wonder if I might say a word with respect to the possibility of amend-

ing Bill C-19. The committee did give consideration to recommending an amendment, but a problem arose in setting up a formula whereby one could change the \$3.25 floor price on an annual basis. The problem is that the only statistics really available are statistics kept by Statistics Canada, and they are at least a year old by the time they are made available to us. With inflation running at the rate it is today, I do not think those statistics are adequate to cover the increased cost. For instance, using Statistics Canada figures, we get something like a 14½ per cent increase for the year 1974. In my view, that is certainly not adequate to compensate farmers for the increased cost of production.

There may be a time when statistics will be available, but at the moment those statistics are not adequate, and using them would not really compensate the farmer for his true increased cost of production. Personally, I believe it would be better to leave this annual review to the minister in consultation with the producers so that they can use other material that may be available from other sources, and arrive at a more accurate percentage of increased costs. It would be very difficult to frame an amendment using the formula that would reflect these costs up to date.

Senator Flynn: Are you suggesting that with the present wording the minister would have the discretion to make this annual review at any time, or more than once a year?

Senator McDonald: No, I am not. Clause 5(3) of the bill makes provision for an annual review.

Senator Flynn: But, at any time?

Senator McDonald: What we were concerned about is that while we think an annual review is satisfactory, as the bill stands this first review could be now or twelve months hence. The reason for the recommendation of the committee is that we think—and the producers are asking this—that the review be made now.

Senator Flynn: So the next one would be at this time next year?

Senator Argue: That would be all right.

Senator McDonald: That would cover the two boards. The Canadian Wheat Board is responsible for the Western Canada production, and the Ontario Wheat Producers' Marketing Board is responsible for this area. The crop year for Central Canada production ends on June 30, and for Western Canada production on July 31. Therefore, this is a logical time of the year to make that review because the course can then be set right for the next year.

Senator Grosart: Honourable senators, I believe we are actually debating a motion to suspend our rules. May I be permitted to say I was very interested in the observation made by the Chairman of the Standing Senate Committee on Agriculture, who was almost suggesting a new rule. He is quite often impatient with the strictures of the rules. He suggested that the chairman of a committee should not move an amendment unless that amendment has been discussed by the committee. In view of what happened the other day—

Senator Argue: Recommended by the committee.

Senator Grosart: Very well—unless recommended by the committee. I trust the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs will take note.

The Hon. the Speaker: Honourable senators, is leave granted?

Senator Flynn: Leave is granted.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Wednesday, June 25, at 2 o'clock in the afternoon.

Perhaps I should give a word of explanation concerning the adjournment and, at the same time, outline the projected workload for next week.

In moving the adjournment until two o'clock next Wednesday afternoon, I have taken into consideration the fact that the House of Commons does not sit on June 24, St. Jean Baptiste Day, and that for some years now it has been the practice of the Senate not to sit on that day either. We have, however, already received Bill C-62, the Old Age Security Act; the main supply bill will pass through the Commons tonight, and I have been informed that we will also be receiving Bill C-50, the Agriculture Stabilization Act. It would seem necessary, therefore, for the Senate to sit at least in the afternoon on Wednesday. There will be a meeting of the Special Joint Committee on Immigration on Tuesday next at 3.30 in the afternoon. The following day, Wednesday, that committee will leave for meetings in Charlottetown, Prince Edward Island, and Halifax, Nova Scotia. The Special Joint Committee on Employer-Employee Relations in the Public Service has also scheduled a meeting for Tuesday at 8 p.m.

On Wednesday at 3.30 p.m. the Standing Senate Committee on Foreign Affairs will meet to hear witnesses with respect to its study of Canada's relations with the United States. Also on Wednesday, when the Senate rises, the Standing Committee on Standing Rules and Orders will sit to consider possible amendments to the rules of this house. There will also be other committee meetings as the legislative program requires.

The Standing Senate Committee on Banking, Trade and Commerce has scheduled a meeting for 9.30 a.m. Thursday to hear witnesses on the advanced study of the Bankruptcy Act, and at the same time on Thursday there will be another meeting of the Special Joint Committee on Employer-Employee Relations in the Public Service.

Senator Grosart: Honourable senators, I should like to ask the deputy leader if I understood correctly what he said, namely, that the Senate will be sitting on Wednesday afternoon and that three committees also plan to sit while the Senate is sitting. No leave has been asked for those three committees to sit while the Senate is sitting. If, as I believe you stated, yet another committee sits immediately when the Senate rises, that will mean, as I understand it, that four committees will be sitting on the same afternoon at approximately the same time. Am I correct in that understanding of what the deputy leader has just said?

[Senator Argue.]

Senator Langlois: No. There will be one committee sitting at 3 p.m., another at 3.30 p.m., which in all likelihood will be after the Senate has risen, and then the Committee on Standing Rules and Orders will be sitting when the Senate rises. That is only three committees on that afternoon.

Senator Forsey: I am sorry to have to correct that statement, honourable senators, because, although word may not have yet been passed on to the leader's office, nevertheless, the Standing Joint Committee on Regulations and other Statutory Instruments will also be meeting on Wednesday afternoon at 3.30. I am sorry that you have not received that information yet.

Senator Langlois: My information comes from the Committees Branch only, senator. I have no other sources.

Senator Grosart: In that case, honourable senators, I must point out that that means there will be five committees meeting on the one afternoon.

Senator Langlois: No, only four.

Senator Grosart: Perhaps the deputy leader will correct me. I understand that the following committees will meet: Immigration and Citizenship; Employer-Employee Relations; Foreign Affairs; Standing Rules and Orders, and the Joint Committee on Regulations and other Statutory Instruments. That is five. Am I correct?

Senator Langlois: Actually, the Committee on Employer-Employee Relations is planning to sit at 8 p.m., not in the afternoon.

Senator Grosart: Then, four committees are sitting Wednesday afternoon. So, we now have an announcement that they will be sitting, and yet so far as I know no leave of the Senate has been requested for any of those committees to sit during the sitting of the Senate on Wednesday afternoon. Is that not correct?

Senator Buckwold: If I may be permitted to intervene, honourable senators, I should like to make one correction with respect to the Special Joint Committee on Employer-Employee Relations in the Public Service. That meeting was scheduled for Tuesday evening at 8 p.m., but in view of the holiday, and in view of the fact that this is also a joint committee, it was considered appropriate to cancel it. That is said just for the record.

● (1430)

Senator Grosart: Honourable senators, some time ago I said that I would not give leave for any committee to sit when the Senate is sitting. I relaxed that viewpoint for a while, assuming the point I had made might have got through. Instead of that, we have had a proliferation, greater, I think, than at any time since I have been in this chamber, of committees seeking to meet while the Senate is sitting. I suggest very strongly to those who have the management of the Senate that in these cases they inform committee chairmen that the rule must be adhered to. They are perfectly entitled to schedule their meetings when the Senate rises. We should not be told, as we have been told today, that committees that have not asked leave of the Senate will be sitting at the times mentioned.

I may feel constrained in the future to refuse leave, as I said I would, unless there is a satisfactory explanation on

an emergency. I point out again to those who have the management of the Senate that this creates an absolutely intolerable situation for those of us on this side who are trying to do our duty in manning these committees. We do not like to see a committee sitting without a representative of this group. We feel it is in the interests of the Senate that there be a representative of the official Opposition in attendance at every committee meeting. What we have heard announced today makes this virtually impossible. I ask those who have the management of the Senate to take this into consideration.

I can see no reason, unless there is an emergency—and there are emergencies sometimes—for this situation to arise, but it has now become a custom to announce to the Senate that it is the intention of committees to sit while the Senate is sitting. We have now got to the point where the announcements are made officially, without leave even being asked.

Senator Forsey: Honourable senators, I might point out that the Standing Joint Committee on Regulations and other Statutory Instruments has a standing motion to enable it to sit while the Senate is sitting, so I do not think we are guilty in this particular instance.

Senator Langlois: Honourable senators, I wish to remind Senator Grosart that some time ago a coordinating committee was formed to arrange the sittings of committees. To my knowledge, this committee has been functioning. I do not know if communications have broken down—this is beyond my knowledge—but it is a fact that there is such a coordinating committee, which is composed of members from both sides of this house. I do not know who is the representative of the Opposition side, but I am sure there is one on this committee.

Senator Grosart: Perhaps we should call it the uncoordinating committee, since the Deputy Leader of the Government now tells us that he has not heard from the committee. Furthermore, he seems to assume that the leader and the deputy leader have no responsibility in this matter because there is a committee considering it, and has been considering it for four months.

Senator Perrault: I am sure this problem is known to most of the members of the Senate. A number of useful, thoughtful and productive meetings have been held in an attempt to find solutions, and I think the honourable senator is aware of the hope that in the next few weeks we shall solve these problems. There remain one or two basic conflicts between committees that traditionally have arranged their meetings at the same time, and so on, but we have made good progress, and I assure honourable senators that this is a very important consideration from the point of view of the government side of this house.

Motion agreed to.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Bonnell and Norrie be substituted for those of the Honourable

Senators Prowse and Williams on the list of senators serving on the Special Joint Committee on Immigration Policy, as of Monday, June 23, 1975; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

LIBRARY OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Fournier (*Madawaska-Restigouche*) and Phillips be substituted for those of the Honourable Senators Macdonald and Quart on the Standing Joint Committee on the Library of Parliament; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

PRIVATE BILL

ALLIANCE SECURITY & INVESTIGATION, LTD.—THIRD READING

Senator Flynn moved the third reading of Bill S-26, respecting Alliance Security & Investigation, Ltd.

Motion agreed to and bill read third time and passed.

SALARIES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Connolly (Ottawa West) for the second reading of Bill C-24, to amend the Salaries Act.

Hon. Martial Asselin: Honourable senators, the bill now before the Senate is not a particularly complicated or contentious one. I congratulate Senator Connolly (Ottawa West) on his introduction of this measure on second reading. While I do not think it is necessary to refer it to committee, I should like to say a few words about it.

[Translation]

Honourable senators, I think that this bill concerning an increase in salary for lieutenant governors should have been submitted to the Senate long ago.

Before speaking of this proposed increase for lieutenant governors, I should like to reflect briefly on the institution of the office of lieutenant governors. What I am about to say does not involve the official Opposition; I simply wish to make personal comments.

I feel that for the past few years, the office of lieutenant governor has not been enjoying the prestige and lustre of former times. That is obvious in Quebec. And I also think that we have proof of that in the other provinces, when young Canadians speak to us about constitutional institutions of this nature. I know that in Quebec, when we attend student seminars, they speak to us about constitutional reform and Canada's political independence.

● (1440)

[English]

Senator Benidickson: Would Senator Asselin permit me to say just a word?

Yesterday I found the amplification not adequate for the English interpretation of the speech of a French-speaking senator, and the same is true today. This was also the case last Tuesday evening when Senator Lamontagne was speaking.

I have complained with respect to this to the Standing Senate Committee on Internal Economy, Budgets and Administration. I wonder if there are means of increasing the amplification so that I may hear Senator Asselin's speech?

Senator Asselin: I have myself mentioned this difficulty to Her Honour the Speaker.

Senator McIlraith: The amplification is good now.

Senator Asselin: So I will resume speaking in French.

[Translation]

As I was saying, when one attends seminars for students, those of the young generation who come after us, and we are asked questions about the political independence of Canada, there is often talk about that institution of lieutenant governors and the Governor General. I think that issue is currently being raised not only by young Quebec French Canadians, but also young English Canadians in other provinces. Indeed, in several provinces, especially Quebec, I have the impression that in recent years, the prestige, the lustre attached to the position of lieutenant governor, has been reduced—not that there was an attempt to downgrade the institutional responsibilities, but the lieutenant governor is not considered, as in the past, a very important figure.

I remember when I was a young man and the lieutenant governor came to either visit schools or attend an official ceremony, I think people went all out. It was the great authority coming before the students. Today, that is no longer the case, not only in Quebec, but it is no longer the case either in the other English provinces. During my trips in Canada I met young English Canadians who asked themselves the same questions as young French Canadians at home.

I am not suggesting that the function of lieutenant governor should be abolished but I suggest that when the federal government and the provinces decide to draft a new constitutional formula, they will also have to think about finding a new formula for those institutions that seem obsolete and outmoded to the young at home.

Of course, it is often said that the lieutenant governor represents the Governor General and, consequently, the British Crown; it is then difficult to explain to the young that our country is independent and tell them at the same time why we have a representative of the British Crown at the federal level and that there is also a representative of the same authority in the provinces.

The same thing could perhaps be said about the Senate. Should the Senate be reformed? Of course, eventually, we shall have to try to find a new orientation for the Senate. I hope that the responsibility for taking the initiative to find the formulas required to renew our senatorial system

will belong to all honourable senators who sit in this house.

This was also considered when we sat on the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada. Several young members of the other House expressed the view that, as regards the political opinion of Canada, some other formula should perhaps be implemented to replace the positions of lieutenant governor and Governor General.

I would now like to talk about the salaries. I have the impression that the government has been somewhat parsimonious. When the Superior Court judges are given \$53,000, if the lieutenant governors receive only \$35,000, with the excessive increase in the cost of living, I believe that they are not treated fairly.

Senator Connolly (Ottawa West) said yesterday that the expenses were paid by the provinces. But, even at that, I have the impression that in the future only rich people with personal assets will be able to accept the position of lieutenant governor. It is not with \$35,000 that someone who does not have any personal assets will be able to accept the duties and responsibilities of a lieutenant governor.

I would have preferred that the government treat them at least as well as the judges of the Quebec Superior Court and the other provincial superior courts. I thought that the government was perhaps restricted in its action by a statutory act setting the salary of the Governor General at \$48,500 a year. Of course, it would be unthinkable that the lieutenant governors be paid as well or better than the Governor General of Canada. However, if this institution is to survive, I believe that the government should review its position and give to lieutenant governors a salary which would allow them to live decently. I know lieutenant governors of certain provinces who find it very difficult to balance their budgets.

These people assume responsibilities as Canadians. I feel the government failed considerably when it granted them a salary of only \$35,000 a year, the more so considering that they will have to pay \$10,000 in income tax, which means that they are getting a net salary of only \$25,000 a year. Moreover, we know that they must entertain very often and lavishly—without any help from the provinces—which they must often pay for out of their own pockets. I feel we are imposing undue hardship on lieutenant governors by granting them a salary of only \$35,000 a year.

[English]

When Senator Connolly said that there is actually no pension plan for the lieutenant governors, I was very surprised. He said that legislation will be introduced in the House of Commons to provide a pension plan for lieutenant governors. I would like to know if he can answer these questions: What kind of plan will it be? Will it be a plan to which the lieutenant governors will contribute, or will the contributions be made by the government alone? What will be the situation of the lieutenant governors if they have no such plan and do not make contributions to a federal plan?

[Senator Asselin.]

● (1450)

The government should state what will be the financial situation of lieutenant governors when they retire. This question has to be answered. Perhaps Senator Connolly could provide the answer before third reading. This is not a contentious bill, and we on this side of the house are not in favour of referring it to committee for further study. We are satisfied with the explanation given yesterday by Senator Connolly, but before we pass the bill on second reading I ask him to provide further information regarding the plan which the government intends to propose in the other place.

Senator Connolly (Ottawa West): Honourable senators—

Hon. Eugene A. Forsey: Honourable senators, if Senator Connolly is going to close the debate, there are one or two footnotes I should like to add to the speech we have listened to from Senator Asselin.

In the first place, I think he is not correct any longer—he is a little out of date—he is not correct any longer in referring to the Queen as the British Crown. To the best of my belief, since approximately 1952, the title of the Queen has been Queen of Canada. She is Queen of various other parts of the world as well. That should be emphasized.

The second thing is, I do not recall, during the time I was on the Special Joint Committee on the Constitution, any representations whatsoever on the subject of the office of lieutenant governor. There may have been some before I was a member of the committee. I read a good deal of the evidence before that time, but I do not recall any representations at all on the office of lieutenant governor. I should imagine partly because most people didn't think it was a particularly critical or dangerous problem before the country. At all events, I do not recall any representations by anybody on this subject. I stand open to correction, of course, from members of that committee who were there before I was and may have heard representations which escaped my notice when I was reading the earlier parts of the evidence.

The third thing I should like to say, by way of footnote, again, to Senator Asselin's speech is that I think the low esteem in which the office of lieutenant governor may be held by especially the youth of the country—I am not quite so sure that in the provinces outside Quebec the statement holds good quite to the same extent that Senator Asselin said; however, I don't know; possibly—the fact, if it is a fact, may owe something to lack of knowledge of the constitutional functions of the lieutenant governor, and I should suggest, if I were confronted by any of these young people raising this question, they read, for example, the excellent study of the office of lieutenant-governor by Professor John Saywell of York University. They would then, I think, discover that there are circumstances which have arisen in the past, and which I am afraid could arise also in the future, where it might be necessary for the lieutenant governor to act as the guardian of the Constitution and the rights of the people.

For instance, it has not been unknown to have at least rumours that immediately after an election in a province—I am thinking particularly of the Province of British Columbia back, I think, about 1952—immediately after an

election in which a government has failed to secure a clear majority, it has toyed with the idea of asking for a fresh election forthwith without allowing the new legislature to meet.

If any government were unwise enough—outrageous enough, I should say—to make such grossly unconstitutional proposal, a breach of commonsense, and of the whole basis of democratic government, it might very well be absolutely essential for the lieutenant governor to say, “No, you cannot get a fresh election until you have at least allowed this new legislature, which the people have just elected, to see whether it can transact business.”

Something very close to this, I am afraid, arose after the indecisive election in Newfoundland in 1971. The possibility arose there quite distinctly that the lieutenant governor might have to say to the premier, who appeared to be toying with the idea of a fresh election forthwith, “No, you can't do that. That is not parliamentary government. Parliamentary government means at least that a newly elected legislature should be allowed to meet and see if it can transact business.”

We had some weird and wonderful provincial premiers—we have had some in my time; quite a number of them, in various provinces—who undertook to flout the rights of the people in this fashion, or undertook to try to get a dissolution of a legislature which was discussing a motion of censure against the government and prevent that legislature from pronouncing it. In these, and various other circumstances which I shall not go into, it might be absolutely necessary for the protection of the rights of the people and the maintenance of parliamentary government that whoever is acting as head of state, whether you call him lieutenant governor or what you call him, under whatever system, should have the power to intervene and say, “No.”

I would point out to those who feel this is a peculiarly Tory, monarchical doctrine, that the Irish Constitution, which is surely clear of any such taint, expressly lays down that the head of the state—in that case the President—shall have the right in his absolute discretion to refuse a dissolution of the Irish Parliament to a prime minister who has been defeated, even defeated in the Irish Parliament. That is a further footnote that I wish to add.

As for this business of the next time round in a constitutional conference, and what might be done then, I must confess that I feel no particular acute anxiety on that subject, because it seems to me that the chance of a successful conference dealing with a revision of the Constitution is minimal. If we are waiting for that sort of thing, we should probably be waiting for the Greek Kalends.

I have no expectation whatsoever that in the immediate future any kind of constitutional conference, or any kind of discussion even by a joint committee of this house and the other house on the subject of the Constitution, will produce any result whatever which is likely to be accepted by the provinces, without whose consent it is generally assumed the Constitution cannot be changed, except insofar as this Parliament already has the power to change it under section 91, head (1), of the British North America Act.

Senator Asselin: Senator Forsey will recall that when the Joint Committee on the Constitution sat in Quebec, a youngster came before the committee and asked a question about the proposal. I do not say it was inscribed in the committee's proceedings—not at all—but I recall very well the question being asked in this regard.

Senator Forsey: I hasten to say that I stand corrected. I do not recall this. My impression still is that it was not a matter that loomed very large in the evidence.

Hon. John J. Connolly: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if Senator Connolly speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Connolly: Honourable senators, I understand that Senator Asselin may have to leave very shortly, so perhaps I can deal first with the point he raised. I understand a bill has been introduced in the other place, Bill C-23, which deals with pensions for lieutenant governors of the provinces. It is a contributory plan. As I recall, the amount of contribution is 6 per cent of salary. I understand that the pension will be two-thirds of the average salary received by a lieutenant governor during the last five years of his service, if the bill is passed in its present form.

Senator Bourget: It will be three-tenths of the average salary over the last five years.

Senator Connolly: Yes, three-tenths of the average salary over the last five years.

Honourable senators are aware, of course, that if that bill is passed by the House of Commons, this house will not be able to change it. If we attempted to improve it in any way, we would be increasing the impost on the treasury, and we are not able to do that. I hope that that clause of the bill will be very carefully looked at. That is about all of the information I think I can give at this time on the bill. The pension is not very much, and I was probably out of order in mentioning it. For what it is worth, it is there.

● (1500)

I am particularly pleased that Senator Asselin raised the question of the authority and prestige of the office of lieutenant governor, and I am grateful to Senator Forsey for having dealt with the question of the Crown and the position of the Crown, both from the point of view of the provinces and of the Dominion. The monarch happens to be the monarch of the United Kingdom within the Commonwealth concept. I do not think that disaffects us in any way.

A bill of this kind not only provides an opportunity for Parliament to deal adequately with the remuneration of lieutenant governors, but also provides an opportunity to think about the office itself. When we do think about the office, and about the constitutional arrangement that was made over 100 years ago, for some of the reasons that Senator Forsey has given, and for other reasons, the wisdom of having the office of lieutenant governor becomes more and more apparent. I am not too impressed—and I am sure none of us are—with the fact that irresponsible criticism of great offices of state should appear in the press and in academic and other circles. I do

[Senator Forsey.]

not think this diminishes the value of such offices. However, the general levelling-out tendencies that we find in our society seem to apply the doctrine of the lowest common denominator. We downgrade many institutions which have very real value. The general tendency, I think, is to downgrade the idea of authority.

As far as I am concerned, people can preach equality—and validly preach equality—as much as they like. But there is nothing inconsistent between the equality of the individual and the importance of authority in society—any kind of society. One is not inconsistent with the other. What is important, I think, is the paramount urgency to understand the purposes of the various offices that are required to establish law and order within a community, within a society. These offices—and I rank the office of lieutenant governor as one of the great offices of state—are important within the constitutional framework of this country. If we understand that framework—its roots, its origins, the way it has functioned—I think we would be very loath, indeed, to start making changes aimed at doing away with some of these basic concepts and propositions.

I think our court system is a magnificent one, and yet there are times when it is criticized in a way that gives us all great concern. This chamber itself is on the firing line constantly when it comes to constitutional discussions. It is, perhaps, target number one. Yet, so much of the criticism that is directed towards this chamber comes from people who do not understand, first of all, why the Senate is here; secondly, what it does now; and, thirdly, what it can do for the future. I rather welcome hearing views in this chamber such as those which have been expressed by both Senator Forsey and Senator Asselin on this bill.

Honourable senators, I do not think there is anything more I need add at this time.

Senator Langlois: Honourable senators, I did not want to interrupt the sponsor of the bill during the course of his remarks, but I should like to put a question to him.

I would like to know why pensions payable to judges are based on a different formula from that of the pensions to be payable to lieutenant governors. In a case of a judge, his or her pension is based on the salary received at the time of death or retirement, whereas in the case of lieutenant governors, the pension is to be based on the average salary received during the last five years in office.

Senator Connolly (Ottawa West): Honourable senators, we are out of order in discussing this matter. It is the subject matter of a bill which will ultimately come to us from the other place. I think the point to be made in respect of pensions is that at present there is no pension for lieutenant governors. They receive a relatively small salary with no possibility of a pension, regardless of how many years they serve.

As to why this basis for calculating the pension has been adopted, frankly, I do not have an answer. I wish I knew the answer. I do not think it is a proper basis. In any event, I think it is a matter we will have to deal with when the other bill comes before us.

Senator Benidickson: Honourable senators, may I ask a question of the sponsor of the bill before the debate is concluded?

On reading the introductory remarks of the sponsor of the bill I was very surprised to learn that a special fund of \$100,000 was established in 1973, on a trial basis, to cover expenses incurred by lieutenant governors outside of the provincial capitals. The sponsor of the bill went on to say that resort to this fund has been relatively light; in fact, in no one year did it exceed more than \$20,000.

I am thinking in particular of my area of northern Ontario, being 1,000 to 1,200 miles from the capital. This fund, it seems to me, would provide the means whereby the Lieutenant Governor of the Province of Ontario could visit the remote parts of the province.

Senator Grosart: Question.

Senator Benidickson: My question to the honourable sponsor of the bill is: Has he any idea why this fund has not been utilized to a much greater extent?

Senator Connolly (Ottawa West): I am afraid I cannot answer the honourable senator's question. Frankly, I do not know why the fund has not been more extensively used. It may be that the lieutenant governors are occupied in the capitals to the extent that they are unable to get out into other areas of the provinces. However, the opportunity is there for them to do so. In the interest of making the office of lieutenant governor and its importance better known, I think it highly desirable that this fund be used for the purposes indicated by Senator Benidickson.

Senator Greene: Would the honourable senator permit a further question? As debates on matters such as this—constitutional issues—are usually the high points of our debating moments in this chamber, I think it is important to have the record completely clear in this regard.

In his very eloquent address in introducing this bill, Senator Connolly referred to the tax position of lieutenant governors. For the purpose of making the record complete, I wonder if he could inform the Senate whether or not the lieutenant governors are subject to tax, not only on their federal stipend but on any emolument they may receive, including residences, where provided, from the provincial authorities. Does a lieutenant governor pay tax on the value of the residence plus any returns from the province as well as his federal salary?

● (1510)

I think there is a gap in the record of the honourable senator's speech concerning the tax position.

Senator Connolly (Ottawa West): Honourable senators, I cannot be sure about this, but I think the facilities that are made available by a province to be used by the lieutenant governor are facilities for the advantage of all the people of the province of which he or she is lieutenant governor. It is not a personal benefit to the lieutenant governor and, in my view, would not be included in his or her tax computation.

Senator McIlraith mentioned to me one point following the last question, and I think, perhaps, this may close the debate. The fact that the lieutenant governor's term of office is a good deal shorter than that of the normal term of a judge of a superior, county, circuit or district court probably has a good deal to do with the kind of pension that is available.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Connolly (Ottawa West): Honourable senators, Her Honour the Speaker has already indicated that the Deputy of His Excellency the Governor General will be here this afternoon at 5.45. This bill will be useful to the lieutenant governors only upon passage and royal assent. It might, therefore, be appropriate to suggest that it be read the third time today so that it can receive royal assent today.

I move, with leave of the Senate, that the bill be now read the third time.

The Hon. the Speaker: Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Bora Laskin, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in inter-provincial and export trade.

An Act to amend the Judges Act and certain other Acts for related purposes and in respect of the reconstitution of the Supreme Courts of Newfoundland and Prince Edward Island.

An Act to establish the Canadian Radio-television and Telecommunications Commission, to amend the Broadcasting Act and other Acts in consequence thereof and to enact other consequential provisions.

An Act respecting the export from Canada of cultural property and the import into Canada of cultural property illegally exported from foreign states.

An Act to amend the Northern Canada Power Commission Act.

An Act to amend the Territorial Lands Act.

An Act to amend the British North America Acts, 1867 to 1975.

An Act to provide for payments in respect of wheat produced and sold in Canada for human consumption in Canada.

An Act to provide for the control of dumping of wastes and other substances in the ocean.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

An Act to amend the Salaries Act.

The sitting of the Senate was resumed.

The House of Commons withdrew.

The Senate adjourned until Wednesday, June 25, at 2 p.m.

THE SENATE

Wednesday, June 25, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the names of Miss Bégin and Messrs. Stollery and Landers had been substituted for those of Messrs. Stollery, Guay (St. Boniface) and Rompkey, and that the name of Mr. Gilbert had been substituted for that of Mr. Orlikow on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

NATIONAL CAPITAL REGION

PROPOSED SPECIAL JOINT COMMITTEE

The Hon. the Speaker: Honourable senators, the following message has been received from the House of Commons:

Resolved,—That a Special Joint Committee of the Senate and House of Commons be appointed to review and report upon matters bearing upon the development of the National Capital Region, including the programs and operations of the National Capital Commission;

That 15 Members of the House of Commons to be designated by the House at a later date be the members on the part of this House of the Special Joint Committee;

That the said committee have the power to send for persons, papers and records and examine witnesses; to sit during sittings and adjournments of the House; to report from time to time; to print such papers and evidence from day to day as may be deemed advisable; to delegate to subcommittees all or any of their powers except the power to report directly to the House; and to adjourn from place to place within Canada; and

Ordered: That a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it advisable, some of its Members to act on the proposed Special Joint Committee.

Attest

Alistair Fraser

The Clerk of the House of Commons.

Honourable senators, when shall this message be taken into consideration?

Senator Perrault: With leave, I move that consideration be given on Thursday next.

Senator Flynn: You mean tomorrow?

Senator Croll: That is Thursday next.

The Hon. the Speaker: Is there unanimous consent?

Some Hon. Senators: Agreed.

Motion agreed to.

APPROPRIATION BILL NO. 3, 1975

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-64, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1976.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Senator Langlois: Honourable senators, with leave, I move second reading now.

Senator Flynn: On the question of leave, I should like to hear from the Deputy Leader of the Government as to why we should proceed with this bill right away, unless the Leader of the Government himself wants to speak on this matter.

Senator Langlois: Honourable senators, the main reasons for asking leave to proceed now are, first of all, that we are nearing the summer recess; also, the first interim supply bill provided for supplies up to June 30 next, and I am informed that the other place will likely not sit on Monday or Tuesday next. So, if this bill is to be passed and given royal assent before June 30, it will have to be dealt with this week.

Those are the main reasons for seeking leave to proceed now.

● (1410)

Senator Flynn: With respect to the other house's not sitting on Monday or Tuesday, I can understand that, especially on Tuesday; it is against their rules. I am quite sure, however, that it would not make much difference if the bill only received royal assent next week, on July 2 or 3. After all, the only problem is to pay the civil service, and there will not be any rush until July 15.

The other question I should like to ask the Deputy Leader of the Government is this. If we were to start dealing with this bill today and complete the second reading debate and examination of the bill this week, is there any possibility that we might refer the bill to the Standing Senate Committee on National Finance in order to hear

from the Minister of Finance? I think that if this bill were sent to committee it would provide the opportunity to direct some questions to the minister. After Monday evening's budget speech, these questions appear not only warranted but imperative. I should like to know if the deputy leader has changed his mind about the possibility of referring such a bill to our Finance Committee.

Senator Langlois: My good friend the Leader of the Opposition knows it is very easy to make me change my mind. Unfortunately, I cannot change the rules of this house. That is the main reason.

Senator Flynn: If you cannot, I will not accept that they cannot be changed.

Senator Langlois: On the other hand, though I cannot give any definite undertaking at this stage, we are presently planning to adjourn this week until July 7 for the reason that, as honourable senators know, in the other place there is a six-day debate on the budget, and there are two sitting days that will be lost, next Monday and Tuesday, since the other place has decided not to sit then. Consequently, there is a delay of eight days during which we cannot expect to receive any legislation from the other place, and for that reason we are at this time planning to adjourn this week until Monday, July 7. That is an additional reason why we are seeking leave to proceed with this interim supply measure today.

Senator Flynn: I would be willing to give leave if the deputy leader would not say that he cannot change the rules of the house. When he says we cannot refer this bill to the Finance Committee, he is not saying what the rules say. He knows that. If he is willing to withdraw that contention I will give leave.

Senator Langlois: There is another reason why I cannot change my position. As my honourable friend knows, this matter is presently under consideration by the Standing Senate Committee on Standing Rules and Orders, and I would not at this stage like to prejudge the decision of that committee.

Senator Flynn: You do not have to prejudge the decision of the committee. You merely have to follow the rules as they are.

Senator Grosart: Perhaps the deputy leader might be interested in knowing what the rule is at the present moment.

Senator Langlois: I know very well.

Senator Grosart: Rule 67(h) says:

The Senate Committee on National Finance, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to federal estimates generally, including—

certain things. If an appropriation bill is not a matter relating to estimates, I do not know what it is.

Senator Langlois: This involves a question of interpretation that is now being studied in the Rules Committee, I understand. My honourable friend knows that very well. I would be in a very awkward position if I were at this

[Senator Flynn.]

stage, as I said, to prejudge the decision of this worthwhile committee of this house.

Senator Grosart: We are only talking about the rules as they are now.

Senator Langlois: Your interpretation of them.

Senator Flynn: In order to be able to assess the position of the deputy leader we will let this matter stand for a while, probably until tomorrow.

Senator Langlois: That is a wise decision. Thank you.

Senator Argue: Then you will give in gracefully.

Senator Flynn: Don't be too sure. Leave is not granted. You can ask again tomorrow. The wait may do wonders for your disposition.

The Hon. the Speaker: Honourable senators, is it agreed that the bill be placed on the Orders of the Day for second reading at the next sitting?

Senator Flynn: Not for the next sitting, for Friday next.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Langlois, seconded by the Honourable Senator Perrault, that this bill be placed on the Orders of the Day for second reading—

Senator Flynn: Friday next.

The Hon. the Speaker: —Friday next.

Senator Langlois: Who is moving the motion? Madam Speaker, I am moving that the bill be placed on the Order Paper for second reading at the next sitting.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: No.

Senator Langlois: We will sit on Saturday if you want to.

Senator Flynn: Friday next; that is fair enough.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Senator Langlois: No.

Some Hon. Senators: No.

Senator Perrault: In the light of these developments, may I suggest that honourable senators should revise their travel plans, because there is every possibility that we may meet on Saturday to discuss this important matter of interim supply.

Senator Flynn: Very good.

Senator Langlois: And next week, possibly, too.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Some Hon. Senators: What motion?

Senator Flynn: Do you never give in? Why should we always give in?

Senator Croll: Why don't you?

Senator Flynn: Why don't you give in and let the bill go to committee, and you can start on second reading right away?

The Hon. the Speaker: Will those honourable senators in favour of the adoption of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators against the adoption of the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it. The motion is defeated.

Senator Bourget: How do we stand now?

Senator Grosart: Somebody over there had better learn the rules. You are in a real mess now.

Senator Langlois: We will sit next week. We will sit on Sunday if you want to.

The Hon. the Speaker: Honourable senators, I have to ask when this bill will be read the second time.

Some Hon. Senators: Next sitting.

Senator Flynn: You cannot have leave.

The Hon. the Speaker: It is moved by Senator Langlois, seconded by Senator Perrault, that this bill be placed on the Orders of the Day for second reading—

Senator Langlois: On Friday next.

The Hon. the Speaker: —on Friday next. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled

Report entitled "Africa-Canada Relations" issued by the Secretary of State for External Affairs following his tour of West Africa, April 13 to 26, 1975.

Budget Papers, dated June 23, 1975, as follows:—

(1) Notice of Ways and Means Motion to amend the Income Tax Act.

(2) Notice of Ways and Means Motion to amend Chapter 26 of the Statutes of Canada, 1974-75.

(3) Notice of Ways and Means Motion to amend the Excise Tax Act.

(4) Notice of Ways and Means Motion to amend the Customs Tariff.

(5) Supplementary information on labour costs (Tables 1 and 2).

(6) Discussion Paper on Federal Sales and Excise Taxation.

(7) Discussion Paper on Tax Treatment of Charities.

(8) Statement of Financial Transactions for 1974-75.

Report of operations under the *Civil Service Insurance Act* for the fiscal year ended March 31, 1975, pursuant to section 21(2) of the said Act, Chapter 49, R.S.C., 1952.

● (1420)

CANADIAN BROADCASTING CORPORATION

TELEVISION PROGRAM "LES BEAUX DIMANCHES"—REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE TABLED AND PRINTED AS AN APPENDIX

Senator Bourget: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Transport and Communications which was authorized to examine and report upon the matter of the program entitled "Les beaux dimanches," televised on April 28, 1974, on the French network of the Canadian Broadcasting Corporation.

Honourable senators, I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent record of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see appendix, pp. 1118-1120.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Bourget moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

Senator Bourget: Honourable senators, I would ask leave to give a short explanation of the report at this time.

Hon. Senators: Agreed.

[Translation]

Senator Bourget: On October 31, 1974, Senator Langlois, seconded by Senator Denis, P.C., moved "that the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the matter of the program entitled "Un show qui m'tente avec du monde que j'aime", televised on April 28, 1974, on the French network of the Canadian Broadcasting Corporation". Following discussions, this motion was referred to the said committee, as evidenced by the *Minutes of the Proceedings of the Senate* for October 31, 1974.

The purpose of this motion was to enable the committee to use this program to evaluate the programming of the Canadian Broadcasting Corporation with respect to meeting its objectives under the Broadcasting Act.

The committee held two meetings during which the President of the CBC, some of his officials, and the Chairman of the Canadian Radio-Television Commission appeared. The steering committee met twice and the committee held three meetings *in camera* to examine and prepare its report.

When we met with CBC officials for the first time, some committee members suggested that this program made use of vulgar, offensive and ambiguous expressions which meant to ridicule the constitutional authority of our country and jeopardize our national unity.

Some committee members suggested also that this program had to be assessed in conjunction with the political

climate in the province of Quebec, emphasizing that it had a separatist content.

It was also a question of the control and supervision exercised by the CBC over this type of program.

At the last sitting during which the chairman of the CRTC was heard, the main questions concerned section 3 of the act, which establishes the broadcasting policy for Canada, as well as the control and supervision the CRTC may exercise over such programs.

After discussion, members of the committee came to realize that the control and supervision system used by the CRTC proved inadequate.

In its conclusions, the committee should like to point out that it has no desire of becoming a censoring body, but rather wishes to see to it that the objectives, as stated in the Broadcasting Act, be respected.

That is why the committee wishes to stress, on all those in charge of carrying out the legislation, the shortcomings that were noted in the course of our study so that such failures may be remedied.

This report, honourable senators, has been approved by all committee members, and I now take pleasure in submitting it to your kind attention.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTH REPORT OF STANDING JOINT COMMITTEE PRESENTED

Senator Forsey, Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, presented the fifth report of the committee as follows:

[English]

Thursday, June 12, 1975

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Fifth Report as follows:

Your Committee proposes to continue its review and scrutiny of statutory instruments during the adjournment of Parliament in the summer of 1975.

Your committee therefore recommends, notwithstanding an Order of the Senate of Tuesday, October 29, 1974, respecting the quorum of the committee, that the Joint Chairmen be authorized to hold meetings during the forthcoming summer recess to receive and authorize the printing of evidence when three members of the committee are present, provided both Houses are represented.

Respectfully submitted,

Eugene A. Forsey,
Joint Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Forsey moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[Senator Bourget.]

THE BUDGET

SPECIAL EXCISE TAX ON GASOLINE—QUESTIONS

Senator Manning: Honourable senators, because the Leader of the Government is not in his place right now, could the deputy leader clarify two points with respect to the new federal tax on gasoline that was announced in the budget speech on Monday night?

In the first place, will he please tell us at precisely what point in the marketing process this tax becomes payable? Is it payable immediately the gasoline is refined, and does it apply to all inventory stocks held by the refineries, or is it payable at the time the gasoline is distributed through the wholesale outlets to the retailers?

Secondly, could the deputy leader tell us the precise time the tax became payable at the retail outlets? I ask this because from what I have heard since Monday night, some retailers levied the tax commencing at midnight that night, others started at noon on Tuesday, and some, I understand, have not started yet. I think this is due to confusion as to whether the tax is payable on gasoline in inventory prior to the announcement in the budget. There seems to be great confusion on this point. Could the deputy leader clarify these two points for us?

Senator Langlois: Honourable senators, I realize the importance and the urgency of this question, but as my honourable friend is asking for an interpretation of a speech made in the other place by the Minister of Finance, it would be imprudent on my part to try to give an answer now, without referring the matter to him. I will do that, and as soon as I have the information I will gladly give a response to this question.

Senator Flynn: Would the deputy leader permit a supplementary question? Does he not think that if we had the Minister of Finance before our National Finance Committee he might be in a good position to give replies to such questions as these?

Senator Langlois: As my honourable friend knows from his long experience in both Houses of Parliament, there is no budget debate in the Senate.

● (1430)

Senator Flynn: Is the deputy leader suggesting that we should not be interested in this matter?

Senator Langlois: It is not a question of being interested.

Senator Flynn: We certainly could discuss it if we had the Minister of Finance before a committee of this house. I do not see the reason for this stubborn refusal.

Senator Langlois: You are making compliments as usual.

Senator Flynn: Well, "stubbornness" may be used as a compliment occasionally.

Senator Manning: Honourable senators, I can appreciate what the deputy leader has said, but from the standpoint of the public there is real urgency in having this matter clarified. It is not sitting very well with the public to find that some consumers have been paying the tax since midnight Monday and others are not paying it yet. This is not the kind of thing that can sit for a week before

it is clarified. There is need for immediate clarification so that both the public and the distributors will understand what their responsibility is.

Senator Walker: There is a very simple answer which could be given by those who should know, Mr. Deputy Leader. I am saying this with the greatest deference to you. The budget can be debated, as you know, when the appropriations come up again. There is no reason at all why we cannot debate the budget at that time. But we should have an immediate answer to this question, because this extra tax on gasoline is one of the most enormous and improvident parts of any budget we have ever had in this country.

Senator Perrault: Questions of detail with respect to the budget will be clarified, of course, during the budget debate now under way in the other place. Detailed information of that kind should be readily available in the course of that debate.

Senator Flynn: Honourable senators, I want to object to the statement made by the Leader of the Government. The budget debate does not have as its object the clarification of the decisions or the proposals made by the Minister of Finance in the budget speech. It deals with the whole subject of the economic condition of the country. Members in the other place can put questions to the Minister of Finance which he is able to answer right away. I want senators to have the same advantage by having the minister before the Standing Senate Committee on National Finance. We have a perfect occasion, the examination of an appropriation bill, which we could start in on this afternoon were it not again for the stubborn refusal of the government to allow such a bill to go before the National Finance Committee where the minister might be questioned.

Senator Perrault: Honourable senators, if the Leader of the Opposition requires some specific information with respect to aspects of the budget which in his view require clarification, I shall certainly undertake to obtain the necessary information as quickly as possible. I give this undertaking with respect to any part of the budget. There is certainly no effort on the part of the government to withhold information from the Opposition, which has every right to know the details.

Senator Flynn: I did not suggest there was. During the leader's absence the deputy leader said in reply to a question from Senator Manning that he could not reply for the Minister of Finance. So, I suggest that we have a good way to get these answers from the minister himself by referring the appropriation bill to the committee.

OLD AGE SECURITY ACT OLD AGE ASSISTANCE ACT

BILL TO AMEND AND TO REPEAL—SECOND READING—
DEBATE ADJOURNED

Hon. Chesley W. Carter moved the second reading of Bill C-62, to amend the Old Age Security Act, to repeal the Old Age Assistance Act and to amend other Acts in consequence thereof.

He said: Honourable senators, as you are aware, the Government of Canada has for several years now been

carrying out an extensive review of federal social security policies and programs with a view to developing jointly with the provinces a broad income maintenance program which at the same time would be more comprehensive, more streamlined and easier to administer. In 1970 the federal government published a document entitled *The White Paper on Income Security for Canadians*, which set forth various proposals in connection with the Canada Pension Plan. In April of 1973 the government published another document, entitled *The Working Paper on Social Security in Canada*. This initiated a joint federal-provincial review of the whole social security system. Since that date the federal and provincial Ministers of Welfare have been meeting periodically and, as consensus has been reached on certain proposals, the necessary legislative action has been taken to enact them into law.

Honourable senators will recall that on November 12, 1974, I sponsored a bill to amend the Canada Pension Plan. Today I am happy to have the honour to introduce Bill C-62, which represents another step, a step which is perhaps more limited than many of us would wish but nevertheless a step forward toward the construction of a more complete social security system.

To see Bill C-62 in its proper context it is perhaps worth while to review the development of our social security program to date. The British North America Act placed the responsibility for social security on the provinces, and prior to 1927 each province paid its own old age pension at rates that varied from \$20 per month in the richest provinces, all the way down to \$50 per year in the poorest provinces. In 1927 Parliament approved the Old Age Pension Act, whereby the federal government undertook to pay 50 per cent of the cost of provincial pensions administered in conjunction with a means test. That was still the situation when I arrived on the scene here in Ottawa in 1949. In 1950 a parliamentary committee studied the subject, and one of the shining lights of that committee was our esteemed friend and colleague Senator Croll.

Hon. Senators: Hear, hear!

Senator Carter: That committee recommended that the means test be abolished and that old age pensions be made universal at age 70. This resulted in the Old Age Security Act, which was passed in 1951 and became law on January 1, 1952. A fund was established, known as the Old Age Security Fund, which was financed by taxation on a 2-2-2 basis. The committee also recommended that Canadians over 65 and under 70 years of age be eligible for assistance in accordance with a means test. A companion piece of legislation, entitled the Old Age Assistance Act, was passed at the same time to take care of this group.

The next step forward was taken in 1965, when universality was extended, one year at a time, from 70 years of age to 65 years of age. In 1966 the Canada Pension Plan and the Quebec Pension Plan were introduced. At the same time the guaranteed income supplement, which initially was intended to be a transitional program to take care of those who would not be able to take part in these pension plans, was also introduced. However, in 1970 the guaranteed income supplement was placed on a permanent basis, as an integral part of our social security system. In 1968 both the basic old age pension and the guaranteed income supplement were increased by 2 per cent annually,

as partial compensation for increases in the cost of living. In May 1972 the 2 per cent ceiling was removed to permit payments to increase by the full amount of the consumer price index. These adjustments were changed to a quarterly basis in October 1973.

● (1440)

We come now to Bill C-62, the main purpose of which is to provide assistance under certain prescribed conditions to couples where one spouse is in receipt of the Old Age Pension and Guaranteed Income Supplement and the other spouse is under 65 years of age, so that two people are forced to live on the social security income provided for one person. In many cases these couples undergo severe hardships, and this bill is designed to alleviate this problem by providing assistance to spouses between the ages of 60 and 65, under certain prescribed conditions and in accordance with a means test or, more accurately, an income test.

It is estimated there are about 750,000 to 800,000 Canadians between the ages of 60 and 65. Bill C-62 will apply to only a small fraction—between 10 per cent and 12 per cent—of them. In fact, it will apply only to those who are spouses of old age pensioners, and who can also produce a marriage certificate or a declaration under oath of common law relationship as well as meeting the residential conditions and the requirements of the income test. This is an easily definable specific group with a specific need for assistance which this bill is designed to remedy. The cost involved is estimated at around \$100 million.

The fact that the bill extends coverage to certain spouses under certain conditions introduces a new element and a new concept into the Old Age Security Act, which hitherto has applied to individuals as individuals without their marital state being a condition of eligibility. Apart from that, however, the residential requirements, the formula for calculating payments, and other features are the same as set forth in the Old Age Security Act.

If honourable senators look at the Old Age Security Act they will find that it is divided into three parts. Part I entitled "Monthly Pension" includes sections 3 to 7 inclusive; Part II entitled "Monthly Guaranteed Income Supplement" includes sections 8 to 17 inclusive; and Part III entitled "General" includes sections 18 to 26 inclusive.

The meat of Bill C-62 is to be found in clause 5 on page 3, which is headed Part II.1 and entitled "Spouse's Allowance." This Part II.1 is really an extension of section 17 of the act, and it includes a number of subclauses running from 17.1(1) on page 3 to 17.8(2) at the top of page 9. These new sections that follow section 17 of the Old Age Security Act, as set forth under clause 5 of the bill, include the definition of spouse, the manner of application for payment, the conditions under which payments may be made or withheld, provisions for retroactivity and reinstatement, for the making of necessary regulations, and for several consequential amendments to the Old Age Security Act arising out of these provisions and the introduction of the term "spouse" and its definition.

I am informed that regulations are required to provide the flexibility that is so essential in administering this type of legislation. For example, payments made to the spouse are conditional upon the couple living together. Clause 5 includes a new addition to section 17 of the Old

Age Security Act—that is clause 17.3(1) on page 5 of the bill—which specifies that the allowances be suspended if the spouse is sentenced to a jail term exceeding 90 days. If the jail term is less than 90 days, the payments continue. Payments, however, are suspended when the recipient reaches the age of 65 and qualifies for the Old Age Security pension.

However, there are other types of separation, such as those caused by illness, accidents, travelling conditions, and other such causes, which cannot be provided for in the legislation and therefore must be dealt with by regulations so that each case can be considered on its merits.

The spouse's allowance also ceases should the other spouse die. This is a matter of particular concern, because the payments stop at a time when the surviving spouse is burdened with sorrow at the loss of a partner, and also when there are likely to be extra expenses such as funeral expenses and unpaid debts. One would have hoped that provisions could have been made to enable payments to continue for at least 60 days after death of the spouse in respect of whom the payments were being made.

This question was explored in the other place and in the Committee on Health, Welfare and Social Affairs, where the chairman ruled that the royal recommendation—

must be treated as laying down once for all (unless withdrawn and replaced) not only the amount of a charge but also its object, purposes, conditions and qualifications. In relation to the standard thereby fixed, an amendment infringes the financial initiative of the Crown, not only if it increases the amount but also if it extends the object and purposes or relaxes the conditions and qualifications expressed in the communications by which the Crown has demanded or recommended a charge. And this standard is binding not only on private members but also on ministers whose only advantage is that, as advisers of the Crown, they can present new or supplementary estimates or secure the royal recommendation to new or supplementary resolutions.

Since the Old Age Security Act was being opened up for the purpose of providing spouses' allowances, advantage has been taken of this opportunity to do some tidying up of the act and to add some minor improvements. For example, the last time the Old Age Security Act was amended, the words "consumer price index" were inadvertently omitted from subsection 4(4)(d), and this has now been remedied by clause 2 of the bill before us.

A new section is also being added to follow section 6 of the Old Age Security Act. This amendment is set forth under clause 3 of the bill, and permits the minister to enter into agreement with provinces providing benefits similar to the guaranteed income supplement and spouse's allowance in order to include such payments in Old Age Security cheques on a cost-recovery basis.

Section 11 of the act has to do with calculation of income, and section 11(a) has been rewritten to include the words "spouse's allowance under this Act." This amendment, which is set forth in clause 4 of the bill, is consequential upon clause 5. It adds "spouse's allowance" to the list of income that is exempt from calculation for

the purposes of the guaranteed income supplement or spouse's allowance.

Clauses 6 and 7 of the bill are also consequential on clause 5. Clause 6 adds a new subsection (1.1) to section 18 of the Old Age Security Act, and provides for appeals against decisions made by officials with respect to eligibility, entitlement, amount of payments, and questions of that nature.

Clause 7 repeals section 20(f) of the Old Age Security Act and substitutes a new section 20(f) to provide authority for making regulations whereby periods of prescribed absence from Canada would not interrupt presence in Canada for Old Age Security purposes. It also adds section 20(f.1), which deals with cases where the amount of the spouse's allowance does not exceed \$2 per month. It would permit the establishment of a regulation whereby such payments could be paid monthly or, in certain cases, at less frequent intervals such as quarterly or half-yearly payments. Subclause (2) of clause 7 provides for the regulations that I mentioned earlier whereby definitions would be drawn up of the types of separations that would disqualify the spouse's allowance.

● (1450)

Clause 8 is also a new addition. It has to do with overpayments made through error which cannot be recovered without causing hardship to the individual or the couple concerned. It provides that where a person has received a benefit to which he is not entitled, and the minister is satisfied that such an amount cannot be collected within the foreseeable future, or that the cost of collecting would equal or exceed the amount involved, or that the payment would be a hardship, the minister may remit all or any portion of the amount, if such person has not been convicted of an offence under the Old Age Security Act in connection with such an amount.

This provision brings the Old Age Security Act into line with the Canada Pension Plan, the War Veterans Allowance Act, and similar legislation.

I mentioned earlier that pensions to people over 70 were paid universally as a matter of right when the Old Age Security Act became law on January 1, 1952. That act established a fund to be known as the Old Age Security Fund. Clause 9 abolishes the Old Age Security Fund and provides that in future all benefits be paid out of the Consolidated Revenue Fund.

I also pointed out earlier that the Old Age Assistance Act, which also became law on January 1, 1952, provided benefits for Canadians between the ages of 65 and 70, in accordance with a means test. That law became inoperable when the old age pension became universal at the age of 65. In actual fact, payments under the Old Age Assistance Act ceased in 1970, and clause 10 of the bill repeals it altogether as a housekeeping measure.

Clause 11 is consequential on clause 10. It deletes all references to the Old Age Assistance Act in the Blind Persons Act, the Disabled Persons Act, the Canada Assistance Plan, and other related legislation.

Clause 12 amends section 56(1)(a)(i)(A) of the Income Tax Act by adding the words "or spouse's allowance", which amendment is consequential on clause 5.

Honourable senators, Bill C-62, in spite of its limited application, does nevertheless meet a very real need and represents another step forward in our social legislation. I therefore commend it to you for your support. If it is the wish of the Senate to have this bill referred to committee once debate on second reading has been concluded, I shall be only too happy to make such a motion.

On motion of Senator Phillips, debate adjourned.

STATUTE LAW (STATUS OF WOMEN) AMENDMENT BILL, 1974

SECOND READING

Hon. Azellus Denis moved the second reading of Bill C-16, to amend certain statutes to provide equality of status thereunder for male and female persons.

[Translation]

He said: Honourable senators, I have been in luck because, almost every time I moved the adoption of a bill, it has been passed unanimously in the other place. And I hope honourable senators will approve this one in the same fashion.

It is also a privilege to please more than 50 per cent of the Canadian people, those charming ladies who for so long have been deserving and asking for equal rights and obligations. The amendments proposed in Bill C-16 go a step further in that direction. By introducing this legislation, the government makes a positive contribution to International Women's Year and once more demonstrates its will to improve the status of the fair sex.

I wish to concur in a suggestion put forward by Mr. Georges Vigny in an editorial published in *Le Devoir* of Friday last on the matter of mutual respect between both sexes. I quote:

"Respect, let's make it clear at the outset, does not in any way mean hand-kissing or hat-raising, and even less sweet talk. It means participation by both halves of society, working together to develop the country. It means that this country needs everyone's contribution in order to go forward."

And the editorial further states:

"This also implies that we should strive, not to replace an unjust society by another as unjust, a men's society by a women's society, but to promote human, social, economical and political progress through the integration of every living force."

[English]

May I add that the Senate has done justice to the status of women in its organization. In the present membership of the Senate there are six charming and intelligent lady senators, out of a total of 91.

Hon. Senators: Hear, hear!

Senator Denis: That compares favourably with the membership of the other place where there are eight lady members out of a total of 264.

The Senate has done justice to women also insofar as its staff is concerned. Presently, we have two lady heads of branches, namely, the Chief of English Minutes and Journals and the Chief of the French Minutes and Journals. In addition, we have a lady committee clerk. The office of the

Leader of the Government is graced with two ladies as special assistants.

May I also add that the Senate has been innovative in hiring graceful girls as pages.

Some Hon. Senators: Hear, hear!

Senator Denis: There are a number of other positions, such as those of supervising officers of the secretarial services and other senior clerical positions, which are held by women. The personnel policy of the Senate is that all Senate competitions are open to all employees and the best qualified candidate is selected, regardless of sex.

● (1500)

Senator Grosart: Or politics.

[Translation]

Senator Denis: Honourable senators, for some years the present government has taken a serious look at this problem, particularly in 1967 when it set up the Royal Commission on the Status of Women and in 1973 when it set up an Advisory Council on the Status of Women. In 1970, the royal commission in its report made 167 recommendations of which 122 come under the federal government. In that respect, 69 of them were implemented. Of the 53 recommendations not yet implemented, 11 are dealt with in bills now being considered in the other place, 9 are currently being considered at the administrative level and 4 are contained in this bill. I am also thinking about the recent legislation just introduced by my honourable colleague Senator Carter which will allow the wife to draw a pension at 60 when her spouse is already a pensioner.

Honourable senators, the amendments proposed by this bill deal with the following acts: the Elections Act, the Criminal Code, the Immigration Act, the Public Service Employment Act, the Pension Act, the Civilian War Pensions and Allowances Act, the National Defence Act, the Unemployment Insurance Act, 1971, and the Canada Labour Code.

A few examples will be enough I think to convince you of the benefits of this particular law with respect to the status of women.

The Elections Act is amended in that the short designation of Mrs. or Miss will no longer appear on election lists, and a woman will be able to give her name and surname as she wishes, that is the name and surname under which she is known, without necessarily using her husband's name.

An amendment to the Criminal Code is to eliminate the protection of the law in favour of the married woman whose husband committed a crime and who helped an accomplice of her husband to escape.

Another amendment gives the wife the same rights and the same duties as the husband concerning the obligation to provide for the spouse or the children, or both.

The Immigration Act is amended so that the head of the family will be the mother, just as much as the father, depending on which supports the spouse and the children.

With regard to employment in the civil service, the merit system and the standards for classification and selection do away with discrimination against women.

The amendment to the Pension Act stipulates the equality of status for all members of the armed forces of both sexes, and confers upon them equal rights and obligations.

[Senator Denis.]

For instance, if both spouses are pensioned, they will receive separate pensions as though they were not married. Further on, this bill prescribes the same age limit for children of both sexes who are eligible to a pension.

Another clause grants the married status to the person who keeps a member of the armed forces, or is kept by him or her, or lives with him or her for three years, and who is recognized and introduced as the spouse of the member, or as the widow upon his death.

Amendments to the Civilian War Pensions and Allowances Act now allow the payment of a pension to the widow who, to a large extent, provided for her spouse or was provided for by him before death.

The National Defence Act is also amended in that it will allow girls to belong to cadet organizations, just as boys do.

Finally, the Unemployment Insurance Act of 1971 and the Labour Code are being amended so as to allow women a far more flexible period during which maternity benefits are paid, that is, giving her the choice as to which 15 weeks she is entitled to allowances, before or after giving birth.

Honourable senators, I have attempted to sum up for you, in my own way, a few of the clauses in this bill. Despite the fact that it was unanimously passed in the other house, I shall gladly submit to your wishes to have it referred to the Senate Committee on Health, Welfare and Science for further and more precise explanations by officials of the different departments responsible for implementing the legislation contained in this bill.

Honourable senators, I am pleased to move second reading of this bill.

Hon. Rhéal Bélisle: Honourable senators, first of all, I should like to congratulate the sponsor of this bill, Senator Denis, who has done such a good job. If Senator Denis and I have agreed to discuss this bill, it is not because we are well versed on the matter but because we were willing to obey orders from our leaders. This will enable all of us in this house to express our ideas, criticisms and observations on the main points of the bill.

How can we achieve woman's socio-economic integration?

Today we have arrived at a turning point in the history and fate of womankind. This is not just a beginning, since many events have prepared the setting for this great moment.

Woman is at the forefront. Everyone knows that she is entitled to play a part in society.

The theme of International Women's Year is: equality, development and peace. Today, when we talk about the full social economic integration of women into our society, we no longer ask why or when, but how this will happen.

Since the creation of the United Nations in 1945, a great deal of progress was made as concerns the situation and status of women throughout the world. Many legal steps have been taken and are still being taken to give them political, economical, social and family rights equal to those of men. However, it is impossible to change overnight the traditions, attitudes and customs of thousands of

years, and the gap between the law and reality remains wide.

In the political field, for instance, in 1945, women did not yet have the franchise in about one third of the 51 member countries of the United Nations. Today, in 124 member states, women can legally vote and be elected just like men.

However, the percentage of women in key positions at the local, national or international level remains low. In New Zealand, for instance,—the first nation to enfranchise women in 1893—92 per cent of all candidates and 95 per cent of those elected in the 1972 election were men. In Egypt, during the 1967 election, 76 per cent of the women abstained from voting.

Moreover, here in Canada we can perhaps pride ourselves on having had the first woman Speaker of this house and of having been able to serve under the present Madam Speaker, who is a great credit to the Upper House. However, I believe that there should be many more women in this house, especially today. In a similar speech in this House in 1971, I deplored the fact that there were so few women in the House of Commons, in our Canadian legislatures, as well as in our superior courts.

At the international level, the picture is equally sad. In 1973, for instance, at the 28th UN general meeting, which I had the privilege to attend, there were only 180 women out of 2,369 representatives, no women in the delegations of 55 countries and only one in the delegations of 44 countries.

In the economic field as well, considerable progress has been achieved during the last 25 years.

In 1945, the right of women to work and to equal working conditions—including the thorny problem of equal salary for equal work—was strongly discussed, even within the International Labour Organization. Today those problems have become rights acknowledged as such and enforced in practice, even if that enforcement is slow and progressive.

A certain number of conventions and recommendations adopted by ILO served as yardsticks to have those rights accepted by the public opinion, particularly the 1951 convention on equal salary for male and female workers for work of equal value and the 1958 convention on discrimination in employment and professions.

Nevertheless, the 562-odd million women who represent 34 per cent of the world labour force—38 per cent in industrialized countries and 32 per cent in underdeveloped countries—are confined to a small number of jobs requiring very few qualifications and responsibilities and consequently are low paid. In practice, their work is not considered as being equal to that of men and, for the same work, their pay is often lower.

In addition, those figures do not take into account the millions of women who toil from morning till night at unpaid agricultural or domestic tasks. There are no statistics to tell us the number of women living under such conditions and what is the importance of their production and return.

It is especially in the developed world through educational measures that some progress has been realized to eradicate the prejudices and discriminatory policies which have their source in the clichés on the respective role of

the sexes. This progress is partly due to a few measures: reforms in the establishment of programs; increased flexibility in the choice of courses; boys and girls, for example, study mathematics, sciences as well as domestic sciences; they both receive sexual and family education.

Whatever the level of analphabetism, the proportion of women who cannot read is always higher than that of men. In 1960, the rates of analphabetism were 33 per cent for men and 44 per cent for women. In 1970, these rates were 28 and 40 per cent respectively. In Africa and the Arab states, during the same decade, these rates fell from 88 and 90 per cent to 83 and 85 respectively.

In spite of the tremendous effort made by many countries to set up special classes to teach adults how to read, there are always a lot fewer women attending these classes than men. This results from a number of factors, such as the distance to cover to reach the schools, the difficulties of night travelling, household chores, early marriages, archaic attitudes, and the lack of facilities and teaching staff.

Maternity is an area where inequalities should exist. Because of the absence of women in the decision-making process with regard to health, people in charge are not aware of needs in the area of maternal protection. This is one of the most neglected sectors of public health in many countries.

The effectiveness of health services hinges to a large extent on the available resources and personnel. However, considerable progress could be achieved in this area, thanks to cheaply obtained training in health, nutrition, domestic science and preventive medicine.

While we try to improve the quality of life for all human beings, we do not insist enough on the needs of millions of children and mothers, particularly in developing areas, in rural as well as in urban areas. How could we improve the quality of life for any human being born of an illiterate, economically dependent, undernourished, overworked, and physically deficient woman who gives birth to a child a year?

● (1510)

[English]

We have before us an omnibus bill designed to correct certain inequities between men and women in those legislative and policy areas over which the federal government has control. It is fitting that in International Women's Year, which has for its theme equality, development and peace, the government should adjust acts in order that the sexes be not treated differently. I find I must agree, however, with my Liberal opponent in the other place, that the Statute Law (Status of Women) Amendment Act, 1974 "would have been good legislation in 1954." In 1974, it is certainly no earth-shattering contribution to the cause of female equality.

This is not to say that the bill is not positive as far as it goes. It does mark an advance in implementation of the 122 recommendations of the 1970 Status of Women Report which fall within federal jurisdiction, in that the bill responds to approximately half a dozen inequalities to which the commission has called attention. However, it has taken five years to accomplish 60 per cent implementation of these recommendations.

The amendments to many of the bills are not major. In some cases they will improve the status of women; in other cases they may mean removal of former privileges. What is more important about these legislative changes is the ability of the amendments to reflect a change in attitudes whereby a woman can take her rightful place in the social, political and economic life of this country. On the woman's part, this will mean giving up her enshrined and protected position as a member of the traditionally-termed "weaker sex" to assume an equal role which entails responsibilities as well as rights. This will obviously be a slow process since sexual stereotypes are hard to put down. Just how hard can be seen in the sections of the Criminal Code under amendment where the term "his spouse" remains to remind us that this is still an acceptable definition under the terms of that piece of legislation.

● (1520)

That the obligation of spouses to provide the necessities of life for their partner should depend on monetary ability rather than sex is only fitting.

Senator Choquette: Order.

Senator Bélisle: It also certainly makes sense that inequalities relating to pension privileges should be removed in order to allow full equality for male and female contributors and beneficiaries under the act.

I wonder if the conversation which Senator Carter is having with someone at the far end of the chamber is more important than my speech? Certainly, they are making more noise than I am. As a rule when a senator speaks in this house, those who are not particularly interested at least have the courtesy to be patient and to be silent.

Senator Choquette: Hear, hear! Good. We are listening to you.

Senator Bélisle: I do not make a speech merely to be heard. I make a speech, as I have said, in order to make a contribution.

If I may continue, I also welcome the idea that female cadets should be able to take their place beside their male counterparts in cadet organizations. I cannot see why the combat training role of our military colleges should preclude the application of this same principle to those establishments. After all, women of various countries have provided valuable assistance in the field, in a service or combat capacity, during periods of crisis as part of their national obligation. Surely those women who would choose to attend a military college in order to pursue a military career should have the opportunity to do so.

In the area of employment, removal of discrimination by reason of marital status is a positive step. The Human Rights Commission legislation to be introduced will, hopefully, reinforce the action against practices of discrimination based on sex—the principal rationale of the majority of the amendments.

The amendment to the Unemployment Insurance Act, in my opinion, however, is qualitatively different and represents a more serious change of approach. Unemployment insurance is a social insurance program which provides experienced members of the labour force with temporary partial replacement of wages lost because of unemployment due to lack of work. In a very real sense, unemploy-

ment insurance is the worker's first and often only line of protection against the risks of involuntary unemployment.

There is some question whether this legislation is the best vehicle for maternity benefits, but it appears to present the most viable scheme by which women who are active members of the labour force can be uniformly paid maternity benefits. Wives and mothers are an accepted economic entity in the labour force; they should not be discriminated against because they participate in the economic life of the nation. The fact that one worker in six is a married woman is an index of our nation-wide dependence on their services. A woman in the labour force who is temporarily out of work during the weeks immediately before and after confinement should be entitled to protection. Through the United Nations Declaration on the Elimination of Discrimination Against Women, Canada is committed to the principle of paid maternity leave.

In this connection I must admit I have some reservations about the breadth of the amendment to the Unemployment Insurance Act. I understand a review of the act is presently being conducted but that, unfortunately, the provisions relating to maternity benefits are being dealt with in a piecemeal fashion.

I am most gratified that the amendment to the Unemployment Insurance Act made in committee makes even more flexible the provisions for benefits for maternity leave, allowing the recipient a leeway of a total of 26 weeks during which period she may choose to take her 15 weeks of benefits. Formerly, women who worked closer to their times of confinement were really penalized in relation to those who took leave early. A woman may now choose according to personal need. I should note that this does not match the typical Scandinavian provisions of six months' leave following confinement, but it is a recognition that maternity benefits require an approach which is different from that of the regular provisions of the legislation.

Other provisions that remain do not evidence this new flexibility. The criterion of eligibility, which requires the claimant to have worked 20 weeks within the year preceding the claim or since the last unemployment insurance claim, is more stringent than provisions relating to the regular employment. Although the 20-week stipulation is in line with the sickness provision, it may create problems for a permanent member of the working force who experiences a lay-off and then, because of a subsequent pregnancy, is unable to accumulate 20 weeks of prior employment in that year. But even if a claimant has worked the required 20 weeks in order to fulfil the "major attachment" requirement, she must fulfil an additional criterion, which is to have worked between the 30th and 50th week prior to the expected delivery. In effect, women who join the labour force after conception, but fulfil the 20-week requirement of a "major attachment," can be prevented from qualifying for benefits.

Moreover, why is it necessary to have a two-week waiting period before the claimant can qualify for benefits? A period of five to seven weeks may in fact ensue before benefits are received. The spirit of the legislation implies full payment of maternity benefits to claimants during the time in which they are deprived of income by reason of maternity leave. Pregnant women who have established

[Senator Bélisle.]

their right to maternity benefits should not have to serve a waiting period.'

One also might ask why maternity benefits must be treated on a par with sickness benefits to the extent that the maximum available is 15 weeks' maternity and sickness inclusive. Another point of contention is the fact that pregnant women who lose their employment because of labour disputes may not be entitled to receive maternity benefits since striking workers are disqualified from receiving benefits.

Senator Choquette: What kind of labour are you referring to there?

Senator Bélisle: I am referring to ordinary labour in order to qualify for unemployment; not the type of labour you may have in mind.

I list these questions which come to my mind only to make evident that the change in the Unemployment Insurance Act dealing with maternity benefits leaves several questions unanswered which I hope will be considered at the time of the general review of the act. Perhaps we can delve further into these outstanding problems in committee.

[Translation]

This year will be what we will make it. It can in fact be historic not only with respect to the promotion of women, but also for the progress of mankind as a whole. Let's make sure of it.

[English]

Hon. Azellus Denis: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if the Honourable Senator Denis speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

[Translation]

Senator Denis: Honourable senators, I do not know how to thank Senator Bélisle for the nice things he said about me. I wonder if it is because I voted the same way he did recently that he is grateful to me. But with the support I am also getting from this side of the house, I suppose I am forgiven that small step aside. It is certainly in honour of the celebration of International Women's Year that the Opposition, as well as our party, shows so much sympathy for a bill which will improve the condition of the fair sex. Most important of all, I need only think about the two charming and intelligent women who were called to preside over our proceedings in the last two Parliaments.

There again the Senate was the innovator. I seize the opportunity to pay homage to Madam Speaker. I thank Senator Bélisle for his valuable contribution, which was not only enlightening but, I would say, educational. The amendments in the bill pleased him. He wished the bill had been passed in 1954, but he forgot to say that in 1958, 1959, 1960 and 1961, his party had the opportunity to revenge itself for the lack of concern of the present government. But, as the saying goes, Rome was not built in a day. It is up to all of us to keep on fighting for complete equality for women.

With regard to the waiting period for women who become ill, as far as unemployment insurance benefits are concerned they will enjoy the same status as men.

I do not have much else to add save perhaps that, to my mind, it is not absolutely necessary for us to request the appearance of the representatives of all the departments affected by this bill. They have work to do in their respective offices. Finally, I do not feel the bill requires referral to committee. I would not say, as one of my colleagues did, that the bill is simple—he got knocked for that—I would say instead that it is complex but that honourable senators understand it in spite of that. I therefore move second reading of the bill.

● (1530)

[English]

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Denis moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

THE ECONOMY

ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Lamontagne, P.C., calling the attention of the Senate to the state of the Canadian economy.—*(Honourable Senator Carter).*

Senator Carter: Stand until later this day.

Order stands.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, I beg leave to revert to notices of motion.

Senator Flynn: For what purpose?

Senator Langlois: To give notice.

Senator Flynn: Notice of what?

Senator Langlois: A notice of motion.

The Hon. the Speaker: Is it agreed, honourable senators—

Senator Flynn: No.

Senator Perrault: Honourable senators, I move that the Senate do now adjourn until 8 o'clock this evening.

The Hon. the Speaker: It is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Langlois, that the Senate do now adjourn to reassemble at approximately 8 o'clock this evening. Oh, the adjournment should be during pleasure.

Senator Flynn: Honourable senators, I want to speak on this motion, because it is not a mere motion for adjournment. I want to put on the record that this motion is a blackmailing tactic, in view of the fact that nobody is ready to speak now. We have exhausted all the items on the Order Paper and there is no reason for the adjournment of the Senate until 8 o'clock tonight. We could not do

anything except with leave of the Senate at 8 o'clock, because, as I say, we have exhausted all the items except the one involving Senator Desruisseaux. If Senator Desruisseaux says he is prepared to speak now, I agree, but it is purely a matter of tactics on the part of the government. As far as I am concerned I am willing to come back at 8 o'clock, and if you are willing, all of you, to submit to that kind of way of dealing with the Senate, it is up to you. You can come and listen to a speech that you could have listened to this afternoon. If that is the way you want things to be done, let the motion carry.

Senator Perrault: Honourable senators, the Leader of the Opposition demonstrated earlier today his expertise in the area of blackmail. Earlier, a matter of some importance to this country was delayed by the Leader of the Opposition, and presumably by some of his colleagues. I refer to the consideration of interim supply.

It should be recalled that a full opportunity was accorded to honourable senators to attend meetings of the Standing Senate Committee on National Finance to discuss the estimates on which the interim supply motion is based. Neither has there been any effort on the part of the government to withhold information, nor has there been any attempt to frustrate the established right of the Opposition to have information in this chamber. Yet we experienced the completely predictable delaying tactics by the Honourable Leader of the Opposition, who gave us a demonstration this afternoon of what he considers the rules of the Senate to be.

Senator Flynn: What are you trying to do?

Senator Perrault: I want to tell the Leader of the Opposition that the proposal to meet this evening represents cognizance on the part of the government that towards the end of the week we may be extremely busy in this place, because we have a responsibility to this country to make sure this interim supply measure is given fair consideration and is dealt with properly by this house. We want to clear as many items as possible from the agenda so that we can get at this important business, which may take a considerable amount of time in view of the tactics employed by the Leader of the Opposition this afternoon.

Senator Flynn: Oh, please!

Senator Perrault: There is full intention on the part of this government to make sure that public business is dealt with expeditiously and fairly, and we are not going to yield to the procedural ploys of the Leader of the Opposition today.

I said earlier that it may well be necessary for the chamber to consider whether it wishes to meet on Saturday of this week, and possibly Monday and Tuesday next, if necessary. The government is fully prepared to do that if the public interest warrants it.

● (1540)

Senator Flynn: Why are we sitting tonight? The Honourable Leader of the Government did not say a word about that. Why? What he said was not relevant to the motion to adjourn to 8 o'clock.

Senator Perrault: If the Honourable Leader of the Opposition has listened carefully, he would know that I stated that we were going to deal with as many items as

[Senator Flynn.]

possible, and that it is Senator Desruisseaux's intention to speak this evening, which is a right he chooses to exercise and I give him full marks for it.

Senator Flynn: He was willing to speak this afternoon, and you know that very well.

Senator Perrault: I want to remind the Honourable the Leader of the Opposition that there is that matter of procedure, and that we have a committee on the Rules of the Senate sitting this afternoon. He is the one who has been making the case up to this time that unfortunately too many of the standing committees of the Senate are meeting while the house is sitting.

Senator Desruisseaux: Honourable senators, before we resume other debates I want to clarify one point. First, I am at the disposal of the Senate, the Leader of the Government and the Leader of the Opposition as to when I make my speech. Is it material that I make it now, or make it later? I have received notice that the Rules Committee is sitting shortly after the Senate rises. My speech will take about one hour.

Senator Flynn: That gives you ample time to make it now.

Senator Desruisseaux: But, as I said, I am at the disposal of the Senate.

Senator Perrault: May I suggest, in order to give the honourable senator a fair hearing, because it is obvious that this is an important speech—important to all honourable senators no matter on which side of the house they sit—that it be made later this day.

Senator Argue: With respect, may I suggest that Senator Desruisseaux is likely to get a more attentive hearing now than he is likely to get at 8 o'clock.

Senator Langlois: But the Rules Committee is sitting.

Senator Argue: I am a member of the Rules Committee, and it was decided that we would meet this afternoon immediately upon the adjournment of the Senate. My wife and I had a conversation on the telephone, and I told her I might not be ready for dinner until after 6 o'clock because meetings of the Rules Committee have at times gone on after 6 o'clock. But I think Senator Desruisseaux's speech is likely to be very important, and I should think that it might be made now.

Senator Perrault: I think it might be appropriate to vote on the adjournment motion.

Senator Grosart: Honourable senators, we have had a debate on the motion to adjourn, which is unusual, and the motion now is to adjourn until 8 o'clock. I was surprised at the vehemence of the attack made by the Leader of the Government on the Leader of the Opposition. The Leader of the Government appears to have forgotten that all the Leader of the Opposition was seeking to do was to have the Senate adhere to its rules. Surely when the Leader of the Opposition, for whom the rules are meant to be a protection, rises and asks that the rules of this place be obeyed, I suggest that he should not be subjected to the kind of attack made on him and the specific allegation against him personally of blackmail. Apart from the fact that the word is not considered appropriate for parliamentary usage—

Senator Perrault: I want to remind the honourable senator that the word "blackmail" was first employed by his leader, and admittedly it is unparliamentary for that word to be employed here.

Senator Grosart: If the Leader of the Government wishes to interrupt me again, I suggest that he should ask permission in the usual way, and keep that particular rule at least even if he does not intend to keep any others. If he had listened to me carefully he would have heard me refer to the use of the word "blackmail" as specifically directed to a senator. The Leader of the Opposition did not direct it to any senator. It was a general comment on the tactics from the other side. There is a vast difference between the two, and if the Leader of the Government looks up the authorities he will find that that distinction is made. My objection was that this was a personal accusation against the Leader of the Opposition of using blackmail. He did not make that accusation towards any individual senator.

Senator Langlois: Yes, he did.

Senator Grosart: We will see. My recollection is that he did not. He was not referring directly to any particular senator at the time.

Senator Langlois: You have a very accommodating memory.

Senator Grosart: Well, all our memories are accommodating; that is what they are for. They are intended to accommodate us in remembering what was said and in attempting to reproduce it. I do not see anything wrong in having an accommodating memory. In fact, I am glad I have one. Sometimes I wish the Deputy Leader of the Government had an accommodating memory himself.

Senator Perrault: May I ask the Deputy Leader of the Opposition a question?

Senator Grosart: Of course.

Senator Perrault: This is the essence of the problem before the Senate. The Leader of the Opposition would like to have the question of interim supply referred to the Standing Senate Committee on National Finance. He states that there are certain questions which he would like to have asked at that committee meeting, and that he would like to have the Minister of Finance or his representative at that meeting. Now, we have in this house a rule—

Senator Grosart: Is this a speech?

Senator Perrault: May I ask my question? We have rule 67(h) which specifically states:

The Senate Committee on National Finance, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries—

And so on. If the Leader of the Opposition is so anxious to get this matter before the National Finance Committee, I invite him to make a motion in this house and have this house vote on the motion. But no, his proposal, in fact—and it is so obvious to all of us who occupy any section of the house—is that he wants to have the government make that motion. He wants us to bring the question of interim supply before the National Finance Committee. May I invite the Official Opposition at this point to advance a

motion at the appropriate time to refer the matter of interim supply to the National Finance Committee. We can then vote on the matter in this chamber, and dispose of the question.

Senator Flynn: That question is directed to me?

Senator Perrault: It is directed to both the Deputy Leader and the Leader of the Opposition.

Senator Grosart: I must say it is one of the most extraordinary interventions I have heard made on the excuse of asking a question. I remind the Leader of the Government that I rose only to protest the vehemence of the attack made on the Leader of the Opposition who asked nothing more—whatever the purpose may be—than that the Senate adhere to its rules in this specific matter.

Senator McDonald: May I ask the Leader of the Opposition a question? To what rule are we referring?

Senator Grosart: The rule requiring two days' notice between first and second reading.

Senator McDonald: But leave can be asked, and you can give leave.

Senator Grosart: Yes, but the request for leave is a request to suspend the rule.

Senator McDonald: That is not very proper?

Senator Grosart: Of course it is, and it is equally proper for the Leader of the Opposition or anybody else to say, "I will not give leave to suspend the rule." I think it is about time we started keeping our rules here.

Senator McDonald: And nobody is arguing that. But now there is a proposal that this house should sit later this day. Let us get on with the question, and let us find out whether we are going to sit later this day or not. There is no rule that says we cannot sit later this day.

Senator Flynn: No, but this irrelevance was brought in by the Leader of the Government when he started to discuss the problem of the refusal to proceed with Bill C-62. That was the irrelevancy on the motion.

Since the Leader of the Government asked me the question as to why we do not put the motion to refer the bill to a committee, I say to the Leader of the Government that if he allows his supporters a free vote on that question, then I will do it. But if he is going to use once again the argument of Senator Langlois that it is contrary to our rules to refer an appropriation bill to the National Finance Committee, then I shall not make the motion. He is just saying, "Put your neck on the block and I will cut off your head."

Senator McDonald: Honourable senators, may I ask those on the other side of the house, then, why they do not go to the Rules Committee that is going to meet this afternoon when the Senate rises, and have rule 67(h) changed in such a way that it will direct that these bills be referred to committee.

Senator Flynn: That is not the point.

Senator McDonald: It is the point.

Senator Flynn: It is not the point at all. The question is whether we want to come back tonight to listen to the speech to be given by Senator Desruisseaux rather than listening to it now. Even if we return tonight it will not change anything because the only thing we will be able to deal with will be the speech of Senator Desruisseaux, unless there is unanimous consent to suspend the rules and revert to the items that the Leader of the Government wanted the Senate to deal with today.

● (1550)

Senator Perrault: May I say to the honourable Leader of the Opposition that he is well aware, as are other senators, that the very essence of the problem is the interpretation of rule 67 (1)(h)—a rule, in fact, that is under consideration by the Standing Committee on Standing Rules and Orders, which is now urgently waiting to enter into its deliberations on the subject.

Senator Flynn: Well, put the motion.

Senator Perrault: Yet the Opposition leader suggests that instead we should have Senator Desruisseaux speak at the present time, indeed frustrating the attempts of the Rules Committee to meet to help clarify the meaning of the rule.

Senator Flynn: You have been a joker up to now.

Senator Grosart: Do you mean that the Rules Committee can change the rules?

Senator Flynn: That is a joke. You are not saying that seriously, are you?

Senator Perrault: I am very serious.

Senator Langlois: Question.

The Hon. the Speaker: Is it agreed, honourable senators, that the Senate do now adjourn during pleasure, to reconvene at the call of the bell at approximately 8 o'clock tonight?

Senator Flynn: On division.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

Senator Perrault: Honourable senators, this afternoon an important question relating to the federal excise tax on gasoline—

Senator Flynn: Order. I want to raise a point of order first.

Senator Perrault: I hope you have a point of order.

Senator Flynn: I think I have.

Honourable senators, I think the sitting of the Senate tonight is entirely out of order. Rule 45 of the Rules of the Senate provides:

(1) One day's notice shall be given of any of the following motions . . .

(g) for an adjournment of the Senate, other than the ordinary daily adjournment under 46(r) or that under rules 13, 36(1), 46(f), 46(g).

[Senator Flynn.]

Honourable senators will remember that the motion was that the Senate do adjourn until later today—that is, until 8 o'clock—which is not an ordinary adjournment of the Senate and does not come under any of the other daily adjournments provided for here.

No leave was asked for; the motion was put without leave having been asked for. I think you will have to excuse us if we seem to detect a note of ingenuity on the part of the government leader or his deputy, but the fact is that one day's notice was required for that adjournment motion because it was not the ordinary adjournment of the Senate.

Let me refer you to the rules. Rule 46(r) says that no notice is required for the ordinary adjournment of the Senate at the close of the business of the day. That is the usual adjournment, but rule 13 states:

Unless otherwise ordered, when the Senate adjourns on Friday, it shall stand adjourned until the Monday following.

Obviously, that does not cover the present problem.

Rule 36(1) states:

When a question is under debate a motion shall not be received unless to amend it, to refer it to a committee, to postpone it to a certain day, for the previous question, or for the adjournment of the Senate.

That is, for the ordinary adjournment of the Senate. Obviously, again, that does not cover the motion which was put to the Senate this afternoon.

Rule 46(f) states that no notice is required "for the adjournment of the Senate, while a question is under discussion." There was no question under discussion at that time.

Finally, rule 46(g) states that no notice is required:

(g) for the adjournment of the Senate for the purposes of raising a question of urgent public importance (which the mover shall state on rising to speak) before the House proceeds to the orders of the day.

Under our rules, therefore, the motion which was put to the Senate this afternoon required one day's notice, without which it was entirely irregular unless it had the unanimous consent of the Senate. Unanimous consent was not asked for; therefore, unanimous consent was not given. Therefore, I state that the Senate is sitting irregularly.

Honourable senators may suggest that this is only a procedural problem, but one must realize that the Senate, as a rule, does not sit on Wednesday evenings. Consequently, there are honourable senators who, taking it for granted that the Senate would not be sitting tonight, are not here. Those senators should be aware of what transpires tonight. It is not only a question of listening to Senator Desruisseaux; there may be other questions put later on. Therefore, because of these special circumstances, I consider that the Senate is not sitting regularly, but is sitting illegally, and that the only motion that could be put at the time we adjourned was for an adjournment of the Senate until tomorrow morning at 2 o'clock.

● (2010)

Senator Perrault: Tomorrow morning at 2 o'clock?

Senator Flynn: Or tomorrow afternoon, if you prefer.

Senator Langlois: Honourable senators, I am speaking to the point of order. I find it is being raised belatedly, since it was not made this afternoon. If I recall correctly what my honourable friend on the other side said, it was that he agreed to the adjournment.

Senator Flynn: No.

Senator Langlois: You can say whatever you like. The record will speak for itself.

Senator Perrault: "It is all right with me," you said.

Senator Flynn: I said, "On division." I opposed the motion.

Senator Langlois: You did not raise the point of order then. You are doing it too late now. I should address myself to the Chair. I should not fall into this habit you have of speaking directly to individual senators. I am falling too easily into the bad example that you constantly give in this respect.

Madam Speaker, this matter should have been raised this afternoon. It was not raised, and the adjournment was quite in order. It was a normal adjournment. When the Senate adjourns in the afternoon, it adjourns for that day unless there is a special motion to meet at 8 o'clock, and then the next day it meets at 2 o'clock. The motion was to adjourn until 8 o'clock this evening.

There is another matter I wish to mention while I am speaking to the point of order. This afternoon my honourable friend was very critical of the fact that a very important question was put to the Leader of the Government in this house on the budget, and that there was no answer readily available. Tonight the Leader of the Government in the Senate is ready to answer this very important question that was raised by Senator Manning, and now the Leader of the Opposition objects. Where is the so-called urgency? Why did it exist this afternoon, but does not exist now?

Senator Flynn: I object—

Senator Langlois: You have had your turn to speak. Will you now let me speak?

Senator Flynn: You are not speaking on the point of order. What you are saying is irrelevant.

Senator Langlois: We have a Speaker here. Will you please address her?

Senator Flynn: No.

Senator Langlois: No?

Senator Flynn: In the Senate we do not address the Speaker, if my honourable friend wants to know. We address honourable senators.

Senator Langlois: As a group, not each one individually.

The Hon. the Speaker: Honourable senators, at the end of the sitting this afternoon I said the following:

Is it agreed, honourable senators, that the Senate do now adjourn during pleasure, to reconvene at the call of the bell at approximately 8 o'clock tonight?

It was therefore not a regular adjournment; it was only an adjournment during pleasure.

In my opinion this sitting is perfectly in order. We are now resuming this afternoon's sitting. It is not a distinct sitting.

Senator Flynn: Madam Speaker, I would have thought that you would permit honourable senators other than the deputy leader and myself to express their views on this. I think you are a little hasty in making a decision.

Senator Langlois: And you are a little hasty in getting up while Her Honour is speaking. You are not allowed to rise while Her Honour the Speaker is on her feet.

Senator Flynn: She had sat down.

Senator Perrault: Honourable senators, it is obvious that the Leader of Her Majesty's Loyal Opposition is in rather a testy mood this evening. May I suggest to him, however, that in speaking on behalf of his worthy group in this chamber he stated, just prior to the adjournment this afternoon, that he would be quite willing to hear the speech of Senator Desruisseaux this evening.

Senator Flynn: I said this afternoon.

Senator Perrault: It is a matter of the *Hansard* record of the proceedings of this chamber. There may have been an agonizing reappraisal on the part of the Leader of the Opposition over the dinner hour, but the point of the matter is that he did not register any objection at the time. Indeed, he gave every encouragement to Senator Desruisseaux to come this evening, and give what will be an important speech on certain fiscal and financial matters. While I hesitate to suggest it, it appears that this may almost be an attempt to frustrate the activities of this house.

Senator Grosart: Honourable senators, I rise on the point of order that has been raised by the Leader of the Opposition. The point is whether the Senate is properly constituted at this time. That, as I understand it, is the only question before us. The Leader of the Opposition has read rule 45, as follows:

(1) One day's notice shall be given—

That is imperative.

—of any of the following motions . . .

(g) for an adjournment of the Senate, other than the ordinary daily adjournment under 46(r)—

The Leader of the Opposition has also dealt with the other exceptions under rules 13, 36(1), 46(f) and 46(g), none of which obviously applies.

Thus, honourable senators, as I understand it, the only question before the Senate at the moment is whether we are properly constituted to sit at this time. It has been argued that the Leader of the Opposition did not on such and such an occasion object; that he encouraged this or that. I do not agree with those statements, but they are completely irrelevant anyway. It does not matter what the Leader of the Opposition did or did not agree to do. That is not the matter we are considering at this time. The matter now before us is strictly whether under our rules we are properly constituted to sit, and if we are not properly constituted to sit, we cannot deal with any business. Surely that is a matter that must be decided either by the Senate or, in the last analysis, by Her Honour the Speaker.

It seems to me that rule 45(1)(g) is as plain as words can be that there must be one day's notice for an adjournment of the Senate—and that was a motion for the Senate to adjourn until 8 o'clock—other than the ordinary daily adjournment under 46(r), which it was not; under rule 13, which it was not; under rule 36(1), which it was not; under rule 46(f) which it was not; or under rule 46(g), which it was not.

So, honourable senators, unless somebody can bring forward some information or some other rule which would properly constitute this particular sitting to do business, then I suggest we take some other measures to get ourselves out of this situation.

Senator Perrault: You are challenging the Speaker's ruling?

Senator Grosart: No, I am not, because the Speaker has not indicated a ruling. It would not be improper to challenge the ruling of the Speaker, but I am not doing that. I do not believe the Speaker made a ruling. Her Honour the Speaker began, and the Leader of the Opposition rose and suggested that there might be other honourable senators who wished to comment on the point of order, whereupon Madam Speaker quite properly resumed her seat and did not finish giving her ruling. My understanding of the situation is that Her Honour accepted the position taken by the Leader of the Opposition that there might be further discussion by other honourable senators on this point of order.

I regret some of the allegations that have been tossed back and forth in this matter, and I repeat what I said earlier, that as far as I know the only position being taken by us on this side, as expressed by the Leader of the Opposition, is that we would like to see in this case the Senate keeping its rules remembering, I hope, that generally speaking rules are made for the protection of minority groups. Otherwise as the great Edward Bok once said, every important breach of freedom, individual or collective, began with a breach of procedure.

Senator Flynn: Honourable senators, I merely want to point out the problem that was raised, and that is that the adjournment until later this day is not provided for in the rules except in rule 45. I say that because rule 12 which deals with evening sittings says:

● (2020)

If, at six o'clock in the afternoon, the business be not concluded, the Speaker or the Chairman of the committee leaves the chair until eight o'clock—

There is no motion. The rule continues:

—the mace being left on or under the table, as the case may be: Provided that, if at the said time, a division has been ordered—

Which is not the case, of course.

—the Speaker or the chairman shall not leave the chair until such division has been taken and any formal business immediately consequent thereon has been completed.

So an adjournment during pleasure cannot take place unless there is unanimous consent, which unanimous consent was neither requested nor given.

[Senator Grosart.]

The Hon. the Speaker: Do other honourable senators wish to offer opinions on this subject?

Senator Desruisseaux: Honourable senators, I was tempted to give my opinion, but I feel that I am involved in a different way and, therefore, I will make no comment. As far as I am concerned, as I said this afternoon, I am prepared to deliver my speech now, or when the time for it comes.

Senator Walker: Honourable senators, I respectfully suggest that when Her Honour the Speaker gives her ruling there be no further discussion, one way or the other.

Senator Flynn: No; we will move the adjournment of the Senate.

Senator Langlois: Is this a warning to your own side?

Senator Walker: Oh, no; I am just a friendly person.

Senator Perrault: We know that.

Senator Rowe: Honourable senators, I was not here at the time of adjournment to hear whatever took place this afternoon. It might be proper at this time for Her Honour the Speaker to declare a five- or ten-minute recess in order that she may take cognizance of the situation.

The Hon. the Speaker: Would honourable senators agree to this?

Hon. Senators: Agreed.

● (2030)

The Hon. the Speaker: Order. Honourable senators, I have listened with great interest to the remarks of honourable senators on the point of order raised by the Honourable Senator Flynn. I would like to repeat what I said a few minutes ago regarding the nature of the adjournment this afternoon. This afternoon's adjournment was an adjournment during pleasure, which does not require unanimous consent, a majority vote being sufficient. When I asked before the adjournment, "Is it your pleasure, honourable senators, that the Senate do now adjourn during pleasure?" the Leader of the Opposition said "On division," thereby acknowledging that unanimous consent was not required.

There are many precedents in this regard. This afternoon's adjournment was not a regular adjournment and rule 45, in my opinion, does not apply. It was merely an adjournment during pleasure. Therefore, I rule that the point of order is not well taken and that this evening's sitting is not irregular.

THE BUDGET

SPECIAL EXCISE TAX ON GASOLINE—QUESTIONS ANSWERED

Leave having been given to revert to Question Period:

Senator Perrault: Honourable senators, I asked for leave to revert to Question Period to answer a rather important question which was asked by Senator Manning earlier today.

While I am on my feet, may I express the hope that we can develop a new spirit of friendship and conciliation in the chamber after the rather difficult events of the day.

Senator Flynn: You do your share.

Senator Perrault: I will do my share.

At this afternoon's sitting of the Senate I was asked several questions by Senator Manning regarding the federal excise tax of 10 cents a gallon on gasoline to be used for private cars and other personal uses that was announced in the budget brought down last Monday night by the Minister of Finance, the Honourable John Turner.

Senator Manning asked at what point in the marketing process this excise tax becomes payable. I am informed that the tax will be payable by any manufacturer, producer, or importer of gasoline on all their sales of gasoline other than those made to other refiners. The manufacturer, producer or importer will pay the excise tax before it is sold by retailers to consumers. Refunds on gasoline purchases for exempt purposes, such as use in commercial, industrial, resource and government sectors, will be provided through a refund claim procedure to be supported by receipts submitted to the Department of National Revenue.

Senator Manning also asked for information regarding the precise time the excise tax would become payable at retail outlets. I am informed that all retail outlets selling gasoline at the pumps on a consignment basis were to collect the excise tax from customers on all sales after midnight Monday, June 23, 1975.

Those outlets which are called "manufacturers' outlets", or outlets which do not pay for gas deliveries—for example, wholesalers—must collect the tax from the same time budget night, and are responsible to make remittances thereof to the Department of National Revenue. Other gasoline outlets—for example, contract garages and owner-operated gas stations—which pay for their gas as received cannot raise their prices to reflect the excise tax of 10 cents a gallon until future deliveries begin at the refined price which includes the special excise tax at the refiner's level.

I trust that the foregoing information adequately answers the questions asked by Senator Manning.

THE ECONOMY

DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Lamontagne, P.C., calling the attention of the Senate to the state of the Canadian economy.—
(Honourable Senator Carter).

Senator Carter: Honourable senators, I understand that Senator Desruisseaux is prepared to proceed, and I am willing to yield the floor to him.

The Hon. the Speaker: Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

Senator Flynn: On division.

Hon. Paul Desruisseaux: Honourable senators, after hearing what has been said here today I feel that I may deceive you a little in what I have to say. However, I will do what I can in expressing my views on the speech of

Senator Lamontagne and the important subject that he raised.

[Translation]

Honourable senators, let me say, first of all, that it is unfortunate that my intentions were misinterpreted on Tuesday, June 16, when I moved the adjournment of the debate following Senator Lamontagne's speech, though I took care to specify that I was doing so in case some other honourable senators wished to express their views before me. That outstanding speech on the state of the Canadian economy, because of its importance and timeliness, deserved well-prepared comments. To my mind, the two days of sittings preceding Mr. Turner's budget speech did not give us enough time to prepare ourselves.

It would have been most useful for the Senate had our colleague's excellent speech been delivered a few weeks earlier. This, of course, would have allowed more senators to express their views. The topic discussed by our colleague remains, nonetheless, very timely, and in fact goes way beyond the budget speech.

For my part, having had time to make a proper analysis of the views expressed by Senator Lamontagne, and having read the contents of the budget speech, I feel more at ease to speak intelligently and seriously on the matter.

It is a pleasurable and informative experience to hear an economist of Senator Lamontagne's experience and knowledge speak on the state of the Canadian economy.

In the vast world of economics, Senator Lamontagne belongs to a school of thought that is respected, in which he has considerable influence and has acquired an appreciable group of disciples. I congratulate him on his excellent speech.

[English]

At the outset, let me say now that I find myself in agreement with a good part of Senator Lamontagne's constructive economic views, especially inasmuch as I find they are meant to be applied to our economy now.

There is no necessity to restate, underline or discuss the historical Canadian economic background. Senator Lamontagne has been factual and thorough. I do not believe that his speech, important as it is and made just a few days before the Minister of Finance's speech, or the speeches of the other senators on this subject, in any way affected and changed the economic views of the Minister of Finance.

Almost everyone agrees that one of the most important economic areas to be considered in the next few years is that surrounding the problem of inflation. It has been the subject of a great many controversial views expressed in the last two years. Even the best of the world's economists have been unable to find a solution to this problem. Regardless of whether the country's economy is fully controlled, partly controlled or not controlled at all, the problem remains universal.

● (2040)

It is a fact that Canada has enjoyed over the last few years one of the lowest rates of inflation on record in the world. I would like with your permission, to place on *Hansard*, as though it had been read at this time, a recent comparative table of the inflation rate of 14 industrialized countries. This is taken from *Les Affaires* of May 26, 1975.

The figures speak for themselves, and need no further comment.

The Hon. the Speaker: Honourable senators, is it agreed that the table be printed in *Hansard* at this point?

Hon. Senators: Agreed.
[Translation]

Consumer Prices
Variations (%) in relation with variations (%) compared with previous period
(not seasonally adjusted)

| | Average 1962-72 | Annual rate 1973 | 1974 | Twelve months ending Mar. 75 | Oct. | Nov. | Monthly rate | | | |
|-----------------|--------------------|---------------------|------|---------------------------------------|------|--------|--------------|------|--------|------|
| | | | | | | | Dec. | Jan. | Feb. | Mar. |
| Canada | 3.3 | 7.6 | 10.9 | 11.3 | 0.9 | 1.1 | 1.0 | 0.5 | 0.8 | 0.5 |
| United States | 3.3 | 6.2 | 11.0 | 10.3 | 0.9 | 0.8 | 0.7 | 0.5 | 0.7 | 0.4 |
| Japan | 5.7 | 11.7 | 24.5 | 14.2 | 2.3 | 0.7 | 0.4 | 0.5 | 0.3 | 1.0 |
| Australia | 3.4 | 9.5 | 15.1 | 17.2(a) | | 1.2(b) | | | 1.1(c) | |
| New Zealand | 5.1 | 8.3 | 11.0 | 12.6(a) | | 1.1(b) | | | ..(c) | |
| France | 4.4 | 7.3 | 13.7 | 13.5 | 1.2 | 0.9 | 0.8 | 1.1 | 0.8 | 0.8 |
| Germany | 3.2 | 6.9 | 7.0 | 5.9 | 0.5 | 0.7 | 0.3 | 0.9 | 0.5 | 0.5 |
| Italy | 4.3 | 10.8 | 19.1 | 20.3 | 1.9 | 1.9 | 0.8 | 1.3 | 1.5 | 0.1 |
| United Kingdom | 4.9 | 9.2 | 16.0 | 21.2 | 2.0 | 1.8 | 1.5 | 2.6 | 1.7 | 2.0 |
| Belgium | 3.8 | 7.0 | 12.7 | 14.4 | 0.9 | 1.1 | 0.7 | 1.1 | 1.1 | 0.7 |
| Luxembourg | 3.4 | 6.1 | 9.5 | 10.5 | 0.9 | 1.1 | 0.8 | 0.7 | 1.5 | 0.7 |
| The Netherlands | 5.4 | 8.0 | 9.6 | 10.3 | 1.3 | 0.7 | 0.4 | 0.9 | 0.3 | 1.5 |
| Denmark | 6.0 | 9.3 | 15.3 | 13.4 | 1.3 | 1.4 | 0.6 | 0.1 | 0.3 | 0.8 |
| Ireland | 5.8 | 11.4 | 17.0 | 23.8(a) | | 1.5(b) | | | 2.7(c) | |
| Total OECD (d) | 3.9 | 7.9 | 13.4 | 12.2 | 1.2 | 1.0 | 0.8 | 0.8 | 0.8 | 0.7 |
| OECD Europe (d) | 4.5 | 8.6 | 13.2 | 12.6 | 1.3 | 1.3 | 0.9 | 1.4 | 1.0 | 0.9 |
| EEC enlarge | 4.2 | 8.1 | 12.7 | 13.5 | 1.3 | 1.2 | 0.8 | 1.4 | 1.0 | 0.9 |

(a) Up to last period for which figures are available

(b) 4th Quarter

(c) 1st Quarter

(d) Adjusted by private consumption for 1973 at 1973 exchange rates

[English]

Senator Desruisseaux: Honourable senators, the Minister of Finance consulted, in these recent months, Canadian leaders who are connected with labour and industry, and also the best economists and financial advisers. He also examined what has been done in other countries to fight inflation. The minister met, in most cases, with confused and varied economic views, and with controversial suggestions.

There was in Canada a general resistance, and even pressure, against restraints and economic controls of wages and prices from business, from labour, from an important school of government advisers and analysts, and from many reputable economists, although the OECD would have liked to have seen controls of wages and prices in Canada according to an article published in the *Financial Times* of June 23.

In evaluating these views, the Minister of Finance had an important advantage. He was in a strategic position with the international monetary policymakers who are trying to forge durable monetary rules for our nations. There should be less mistakes of the type mentioned by Senator Lamontagne made in Canada than elsewhere. Canada is now at another turning point of its economy and is now definitely moving into the economic recovery which Senator Lamontagne and the Honourable Mr.

[Senator Desruisseaux.]

Turner recognized, and which we already find under way in the European industrial countries.

I agree with Senator Lamontagne when he says that it is not the time in Canada to apply controls, voluntary or otherwise, on prices and wages. To me, controls in any form and at any time can only be used in cases of extreme emergency, such as in time of war when countries find themselves with closed frontiers. They have no place in our economy of the next few years, and I am glad the possibility of them here has been discarded for the time being.

In relation to the world economic situation, Canada's rate of growth in GNP was comparatively acceptable in 1974. In the first months of 1975, there were signs that its growth will continue, even though at an appreciably decreased rate. Most of the cyclical downturn took place earlier and more markedly in other countries of the Organization for Economic Cooperation and Development, and also more particularly in the United States, than in Canada. Canada felt the full effect of this large and rapid downturn. On the one hand Canadian exports declined while, on the other, Canadian foreign trade deficits rose sharply with all the attendant bad effects.

This severe deterioration in the foreign sector converted a last strong domestic demand into a much lower rate of growth in real gross national product. Prices rose in

Canada just as they did in the OECD countries, but they did so at a slightly lower rate which spotlighted the inflation problem being experienced in Canada.

In my opinion, one nation alone—certainly not one of our scale of wealth and population—could never perform the miracles necessary to arrest a universal trend like the rate of growth of inflation. Canada could scarcely hope to achieve more in that respect than any of the countries behind the Iron Curtain, which are now going through the economic inflationary phases previously experienced by other countries.

I think it is valid for Canada to adopt the position that it is prudent to follow the present general universal inflationary economic trend, rather than to try going it alone, standing aloof or retaining a rigid, highly valued currency in a stagnant wage and price situation. The price of our trading goods must be met in terms of the inflated value of other currencies of the world, with a concomitant loss by them at the exchange level. In my opinion, that involves more a matter of balance than anything else, and I believe the Minister of Finance and the Cabinet generally have understood this, and have perceived it as a working mechanism, while seeing the value of striving to maintain an equilibrium which will pay off for Canada. In that respect I think more credit must be given to the Cabinet and the Minister of Finance than has been the case. Certainly, to my way of thinking the federal fiscal budget indicates just that. The budget is far from being dull and insignificant economically. On the contrary, I predict it will to an appreciable extent stimulate a much needed foreign trade.

In the face of the highly complex economic problems of today, I have nothing but respect and admiration for the Cabinet's recent economic achievements and economic planning, especially when I see in just what an economic mess the United States—with its artificial controls, its huge deficit financing and its superabundance of serious advisers and renowned economists—finds itself.

It is important to observe that, regardless of any policy-making decision, inflation does not change the real average standard of living in an economy which is working and producing to capacity. Prices may go up, yes, but, on average, there is a parallel rise in production and consumption per capita. Inflation may have the effect of redistributing income, but it does not change that average. Anything which gives one person more current consumption in a full economy must take it from someone else; in a depressed economy, that becomes simply destructive.

It is really a matter of factual observation, together with a logical economic deduction, that controls in themselves will cause real inflation. We have only to note what happened in the United States after the famous Phase II and Phase III periods. Obviously, controls lower total output, and employment disintegrates gradually as total output falls. Shortages are created because increased inventories bring about mismatches. These are the conclusions that I believe can be drawn from the economic premises that we now find before us. I believe we are now taking these facts into economic consideration in Canada. There is more wisdom apparent here than elsewhere.

● (2050)

Strikes generate real inflation. Strikes or work stoppages of any kind reduce the output available for con-

sumption, and are now having far-reaching effects in our economy. Last year they were the highest ever on record in Canada, and they coincided with our rate of inflation. It is our duty to find the appropriate formula to do away with such work stoppages. Up to now, we have done too little, and have really avoided this problem. Our economists have not studied it enough as an influence on the general economy. Nowhere has the current deterioration in Canadian economic conditions been more severe than in the foreign trade sector. Nowhere else are the policy options involved in resolving these difficulties more awkward. I have spoken about this already in connection with Canadian textiles. I feel it must be studied in depth in relation to our economy, as it is a cause of many of our economic problems. In the first quarter of the year, Canada's deficit jumped to \$1.5 billion, over \$500 million higher than the previous quarter, constituting a trade deficit jump of 50 per cent.

Reductions in foreign trade decrease total output. All trade is based on obtaining something in return of greater value than the value of that which is sold. Foreign trade, therefore, increases the effective supplies obtainable with the available employment capacity, and reductions in foreign trade are, to Canadians, reductions in real value of employment. The federal fiscal policy is directed towards making our export prices more attractive to other nations. If this is successful, it will help.

If our goal is a higher standard of living, increased productivity is the price to be paid for it. Increased productivity requires added capital investment per capita. Increased capital investment pays off in more output. An economist with a lot of commonsense dryly explained, "No matter how we describe inflation, we can have no more than the total that we produce. Inflation is no more than an involuntary division of our common output, call it what you will." This makes sense.

As we look at the national income and expenditure accounts, we note the yearly progressive increases in federal, provincial and municipal government expenditures and their dramatic progressive increase as a percentage of the Canadian gross national product. This is an area in which most serious economists agree on the recommendations to be made to governments. Usually governments do not follow recommendations that they drastically cut their spending, which is agreed by all to be a major cause in this country of the increased rate of inflation.

In fact, government expenditures, which include current expenditures on goods and services and fixed expenditures, increased by 11.6 per cent in 1973 and 19.9 per cent in 1974. This coincided with the increases in our national inflation growth rate. The Minister of Finance is now announcing a cut in expenditures of \$1 billion on a budget of \$8 or \$9 billion. It is a serious attempt to reduce the rate of inflation in Canada. It sets an example. If this policy is continued in the next two years, it will pay great dividends. However, if the overall deficit continues through this period to be high, the purpose of the exercise is defeated, and I am afraid this is now what is happening to Canada.

A surplus produced by increased taxation of the individual Canadian is less desirable, less economically productive, than a surplus produced by cutting government expenditures.

Professor Von Mises, a universally known economist, explains wisely that when countries committed to a program of economic planning are giving their people the illusion of prosperity at the price of liquidation of their money reserves, personal or corporate, such as Canada is now doing in the attempt to redistribute its wealth, then when these are exhausted a great catastrophe is inevitable. Our government is not listening to any such warning, I am afraid.

Professor Meltzer, another universally respected economist in his own field, in an interesting article on inflation published in *Fortune* a few months ago, wrote what I believe to be words of wisdom. He wrote:

The cost of getting back to price stability depends very much upon what we do to get there. People who talk about the very large costs of returning to price stability generally talk about returning quickly.

If we tried to end inflation quickly, we would have a major recession that would throw lots of people out of work and even so we would fail to get back to price stability because we would refuse to pay the cost in unemployment and lost production.

As economists with whom I agree see it, there is a wise, moderate and successful way to achieve a reasonable economic balance, especially in time of inflation. This is, first, to reduce the growth rate of the money supply gradually over a span of years—not the money supply *per se* but rather the growth rate of the money supply. Canada can do it with its monetary mechanism.

Secondly, it is to move from deficit to surplus planning in the federal fiscal policy. It has been tried, and it has worked very well every time. Any such surplus should then be used to retire some of this huge national debt. It releases money for new productive investments, and replaces very well other artificial money supplies.

● (2100)

Thirdly, it is most important to maintain our system of floating exchange rates. This makes sure that the unavoidable effects of the two elements on inflation are fully felt here, at home, instead of being offset by the policies of other countries. This is most important in our current economy.

It is my assessment that Canadian fiscal policies are now generally oriented toward these policies. They are bound to better assure the balanced economy we are looking for. It makes me more confident about the future than some of the confusing economic proposals we have heard as being the solution. To be sure, we can never be certain of the future. We are not alone in the world; we are interdependent. We cannot make certain economic moves without causing certain economic effects. We know, however, that no inflation has been ended in the past without there first being some reduction in the rate of growth of the money supply. We know we cannot maintain for long a low rate of growth of our inflation if we keep repeating our large annual government fiscal deficits. The next one is now forecasted at some \$3.7 billion, I believe—our highest ever.

Senator Lamontagne has mentioned the major economic error now being committed in the United States regardless of a whole regiment of economic advisers. Whatever will

[Senator Desruisseaux.]

be done it will, of course, affect the economy of Canada, because we are not and never were independent of the economic behaviour of the United States. We are highly dependent on their trade as 75 per cent of our manufactured goods that are exported are sold to the United States.

I want to say at this time that I believe strongly that there is no place for any form of controlled economy in Canada at any time that would place us "in line" with those other countries that have not the same economic needs or the same economic objectives as developing countries have, or as the more highly and more powerful industrialized countries have. I believe the free enterprise system has proven itself in Canada, and remains the best system for us in any circumstances. There is no better economic system for Canada. I am glad to see this is realized a little more by the government. I believe there is still a place for a basic change in federal fiscal policy—a real switch from deficit fiscal budgeting to surplus budgetings which can be used to retire some of our enormous national debt, thereby releasing money needed for higher productive financings that in turn would help to advance the Canadian economy to greater heights and greater world acceptability.

I believe there are economic basic reasons to consider another major economic problem that we have—to free Canadian labour unions from their international and foreign labour union ties. Foreign union policymakers who have been dictating their policies and enforcement formulas have never responded to true Canadian ideals. Their present policies have proven this so many times. We must require better accounting and better handling of union fees from all union executives. They should be made accountable and responsible. Free, secret, individual ballots on all and every issue should be mandatory in all cases. Forced, solicited proxies for votes should be assured full, untraceable, secret votes. No convicted criminal, blackmailer, arsonist, assaulter, user of violence, inciter to violence or treason, no gang rulers so feared by the workers, their families and their dependents, should at any time, directly or indirectly, be allowed to rule, lead, direct or dictate to any union or any union local, in any executive, consultative or other capacity.

Adequate legislation should be passed to improve the rules for collective bargaining so that it will no longer allow, as it does at present, long strikes that are costly for labour, industry and governments. The present rules are antiquated, erratic and economically ruinous for both sides. They are silly, unintelligent, confusing, unrealistic and irresponsible in the modern nation we claim to be.

Although I may differ from some, I think it is important for the progressive and healthy growth of the gross national product that the federal fiscal and administrative policies be so designed as to welcome really productive foreign investment from everywhere. There is an immense known forecasted gap which we must fill if we want to expand our economy. I think, particularly, that the money now being funnelled to the oil countries might well become, if we allow foreign investment for productive use in Canada, the money needed for the coming fantastic Canadian economic expansion that may eventually make

our country a more independent, and a bigger and more serviceable, nation in the industrialized world.

I think it is urgent, and of national importance, that the federal authorities completely reassess their international trade policies in the light of what is happening to our secondary industries, and in particular to what is happening in textiles. The gradual destructiveness of some of our foreign trade policies to whole sectors of Canadian industrial life must be stopped.

While I agree generally with Senator Lamontagne's views I prefer, because of actual needs, to advocate a surplus fiscal budget that would release money to be used to reduce our national debt and create productive investment funds and more employment.

● (2110)

One of the most complex and acrobatic actions in these next few months will be that to re-establish and ensure a continuing and growing favourable international trade balance, while preserving from deterioration and misery Canadian secondary industries and Canadian employment, in an economy that may remain stagnant for some months to come.

Before concluding, I want to observe that, in my opinion, the Minister of Finance did the unavoidable in respect to the gasoline taxes he proposed. There was no alternative. In any event, and as was mentioned, in most countries the average price of the equivalent of a gallon of gas is now near \$2. The new gasoline prices in Canada will still be comparable to American prevailing prices, and will

be below those of most other countries. The move to impose the gasoline tax will be sure to cause new demands for increases in transport, bus, railway and air fares and a great many other costs connected with oil consumption—and this in spite of the fact the industries concerned are exempt from the tax. It may even start another round of inflation, and in that respect it is most unfortunate.

I have no intention of elaborating my general views on the federal fiscal budget at this time. I have observed the negative criticism made by some. I noted that no programmed economy budget which made commonsense has yet been proposed by anyone as a constructive substitute. The recognized militant economists have not come out with suggestions that are either clear or constructive.

I regret that the Minister of Finance did not find it possible to cut the fiscal budget to the point of its being a surplus budget, or at least a non-deficit budget, which would have done much for our fight against inflation. I assume that was an impossibility under present conditions. I reconcile myself to the neutral budget that he proposed as being the best that could be constructively considered in the circumstances. It was the prudent move to make for the next few months.

I thank Senator Lamontagne for his views on the state of the Canadian economy. His speech, in my opinion, was an excellent and worthwhile contribution.

On motion of Senator McDonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 1099)

CANADIAN BROADCASTING CORPORATION

TELEVISION PROGRAM "LES BEAUX DIMANCHES"—REPORT OF

STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

Wednesday, June 18, 1975.

Pursuant to the Senate order of reference, dated October 31, 1974, the Standing Committee on Transport and Communications reviewed the program entitled: "Un Show qui m'tente avec du Monde que j'aime" which was part of the television series entitled: "Les Beaux Dimanches", broadcast on April 28, 1974, on the French network of the Canadian Broadcasting Corporation.

Order of reference:

"Extract from the Minutes of the Proceedings of the Senate, October 31, 1974:

The Honourable Senator Langlois moved, seconded by the Honourable Senator Denis, P.C.:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the matter of the program entitled "Les Beaux Dimanches", televised on 28th April, 1974, on the French network of the Canadian Broadcasting Corporation.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate."

As it appears in the *Debates of the Senate* of October 31, 1974, the purpose of the motion concerning the order of reference was to use this program to allow for a review of the Canadian Broadcasting Corporation programming by the committee, as far as the achievement of the goals aimed at by the *Broadcasting Act* is concerned.

Your committee held two study sessions on the review of the said program, on November 28, 1974 and February 19, 1975. At the first sitting, Mr. Laurent Picard, President of the Canadian Broadcasting Corporation and Mr. Raymond David, Vice-President and General Manager, French Services Division were heard as witnesses. Also present at that sitting but not heard were: Mr. Ron C. Fraser, Vice-President, Corporate Affairs, Assistant to the President; Mr. Don MacPherson, Vice-President and General Manager, English Services Division; Mr. Pierre Desroches, Vice-President, Planning; Mr. Denis Harvey, Deputy Assistant General Manager, English Services Division; Mr. Jean-Marie Dugas, Director of French Television; Mr. Marc Thibault, Director of Information Programs, French Services Division; Mr. Jacques Alleyn, General Counsel.

During this sitting a videotape of the program was shown and a simultaneous translation of the sound track was provided for the benefit of the English-speaking senators.

Evidence given by the witnesses from the Canadian Broadcasting Corporation revealed that the text of the program had been written by five authors. It was disclosed that the text of the program had not been submitted to either the programming branch or the officers of the Cor-

poration for prior approval. The only evaluation made was by the Chief of the Variety Section of the Corporation. No evidence whatsoever was given that the Corporation had exercised any kind of control over the quality of the programming, despite the existence of a booklet entitled "Program Policy" prepared with the approval of the Board of Directors for the guidance of producers, journalists and senior officers. At the request of the members of the committee, the President of the Corporation made this booklet available to the committee.

Opinions were expressed by members of the committee that the program was in very bad taste, that the text contained several vulgar, offensive and ambiguous expressions and that the program was aimed at ridiculing the constitutional authority of the country. Further, it appeared that the program was aimed at destroying national unity by attempting to demonstrate alleged inequality of treatment between the diverse ethnic groups of the country. In reply, the witnesses from the Canadian Broadcasting Corporation said that it was simply a satire that could lead to several interpretations but was altogether acceptable if judged in accordance with criteria established in other countries, namely, in Great Britain and France. The witnesses were reminded that the program had rather to be judged by taking into account the political context of Quebec, and that, in this context, the text according to some senators contained a separatist message.

The Canadian Broadcasting Corporation officers questioned the comments of some senators to the effect that the program contained a message in favour of separatism. However, it is well known that in several instances the producers or commentators of the Canadian Broadcasting Corporation take undue advantage of their functions to propagate separatist ideas. Such an attitude has been denounced a number of times. For example, on April 1, 1975, Mr. Claude Ryan, in an editorial in the newspaper *Le Devoir* from Montreal, referred to the attitude of the Canadian Broadcasting Corporation employees in the following terms:

[Translation]

"In other fields, namely in the broadcasting field, Ottawa has accustomed us for a long time to an entirely different approach; the Canadian Broadcasting Corporation, in particular, is an agency which comes under the authority of the central government. Yet separatism has not found in any other place as in the Canadian Broadcasting Corporation a better means of expressing itself as freely. Quite often—without anybody from *Le Jour* having expressed their astonishment about it—the impression has been created that the protagonists of this idea were more solidly entrenched in the Canadian Broadcasting Corporation than its opponents. Numerous critics, scandalized by this fact, have, on several occasions, questioned if it is a normal situation that federal funds that support the

Canadian Broadcasting Corporation could thus be used to destroy Confederation."

At the committee sitting on February 19, 1975, the only witness heard was Mr. Pierre Juneau, Chairman of the Canadian Radio-Television Commission.

Questioned with respect to section 3 of the *Broadcasting Act*, which sets out the broadcasting policy for Canada, and section 16 of the Act, which describes the powers of the Commission, Mr. Juneau answered that the Commission, in a general manner, was vested with a regulating and supervisory power. He added that there seems to be in section 3 an insistence on the part of the legislator to make the licence owners and not the Canadian Radio-Television Commission bear the responsibility for individual programs—subject only to generally applicable statutes and regulations.

Mr. Juneau also mentioned Canadian Radio-Television Commission Regulation no. 5 which prohibits a station or a licence carrier from broadcasting:

- (a) anything contrary to law;
- (b) any abusive comment on any race, religion or creed;
- (c) any obscene, indecent or profane language;
- (d) any false or misleading news with the knowledge that it is false or misleading.

With respect to infringements of the regulations and related penalties, Mr. Juneau stated that as a first step legal action must be taken following any breach of the regulations. It is thus the courts that have the responsibility of determining the penalty. He added that when the Commission finds that the regulations have not been followed, the Commission notifies the station concerned, and if there is evidence of negligence or ill-will, it brings the matter before the courts.

To a question pertaining to subparagraph (b) of section 3 of the Act, Mr. Juneau answered: "I think that the intent of the Act was not that the Canadian Radio-Television Commission express a judgment on each of the radio and television programs in Canada." Later on, Mr. Juneau added that it would be contrary to the intent of the Act if a public or private network were to have a general editorial policy aimed at the destruction of national unity. He also stated, in response to a question, that, in his opinion, the best way to prevent abuses in the future, would be for the public to inform the Canadian Radio-Television Commission and Canadian Broadcasting Corporation authorities of its disapproval.

Referring to the matter of Canadian Radio-Television Commission intervention, a member of the committee asked the following question: "It has been suggested that over a long period of time there is an editorial thread that runs through the programming, particularly in Quebec, with the French network, that leans towards separatism. Where there is such a thread, are you dependent upon public complaint, or do you have any mechanism that monitors to check whether a particular station, a network, or any element of the broadcast media coming within your purview, is developing a trend of editorial approach that is contrary to the mandate for national unity?" In brief, Mr. Juneau answered in the following manner: "There is no

such mechanism. We do not provide systematic supervision, if we mean by that that we would have to determine, through meticulous calculations, if not mathematical, whether there is an imbalance, whether greater importance is given to certain views to the detriment of diverging opinions." He added: "I do not mean by that that we should not do it".

Following this answer by Mr. Juneau, it was pointed out to him, that under the mandate of the Canadian Radio-Television Commission, it was the Commission's duty to provide a certain degree of supervision, especially when national unity is at stake and that in such a case, it would be appropriate to set up a permanent mechanism to fill this gap:

It is clearly evident from Mr. Juneau's statement that the Canadian Radio-Television Commission does not exercise any direct supervision with respect to the quality of Canadian Broadcasting Corporation or private station programs, insofar as the objectives set out in the *Broadcasting Act* and regulations are concerned. Moreover, Mr. Juneau admitted that the Canadian Radio-Television Commission was not equipped to supervise programs, and acts only after having received a complaint. It would appear that the Canadian Radio-Television Commission is thus restricting its supervisory function, by interpreting too narrowly paragraph (c) of section 3 of the *Broadcasting Act* which states that:

"(c) all persons licensed to carry on broadcasting undertakings have a responsibility for programs they broadcast but the right to freedom of expression and the right of persons to receive programs, subject only to generally applicable statutes and regulations, is unquestioned;"

Such an interpretation of the above paragraph is characterized by Mr. Juneau's opinion when he adds:

"The Act clearly states that in those areas there must be freedom of speech and, when established, freedom of speech inevitably implies abuses."

With regard to this attitude of the Canadian Radio-Television Commission it is well to note the following objectives listed in section 3 of the *Broadcasting Act* which provides for a broadcasting policy for Canada:

"It is hereby declared that:

- (a) broadcasting undertakings in Canada make use of radio frequencies that are public property and such undertakings constitute a single system, herein referred to as the Canadian broadcasting system, comprising public and private elements;
- (b) The Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural political, social and economic fabric of Canada;
- (c) all persons licensed to carry on broadcasting undertakings have a responsibility for programs they broadcast but the right to freedom of expression and the right of persons to receive programs, subject only to generally applicable statutes and regulations, is unquestioned;
- (d) the programming provided by the Canadian broadcasting system should be varied and compre-

hensive and should provide reasonable, balanced opportunity for the expression of differing views on matters of public concern, and the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources;

(g) (iv) the national broadcasting service should contribute to the development of national unity and provide for a continuing expression of Canadian identity;

(j) the regulation and supervision of the Canadian broadcasting system should be flexible and readily adaptable to scientific and technical advances;

and that the objectives of the broadcasting policy for Canada enunciated in this section can best be achieved by providing for the regulation and supervision of the Canadian broadcasting system by a single independent public authority."

The Canadian Radio-Television Commission was established by Part II of the *Broadcasting Act* and section 15 of the Act determines the objects of the Commission, which are to regulate and supervise all aspects of the Canadian broadcasting system with a view to implementing the broadcasting policy enunciated in section 3 of the Act. Part III of the Act provides for the establishment of the Canadian Broadcasting Corporation. Section 39 sets out the objects and powers of the Corporation and subsection (1) states clearly that the Corporation was established "for the purpose of providing the national broadcasting service contemplated by section 3 of the Act." Subsection 39(3) states that the Corporation is bound by Parts I and II of the Act.

The Canadian Broadcasting Corporation is absolutely bound to meet the objectives set out in section 3 of the *Broadcasting Act* for the implementation of the broadcasting policy of Canada.

CONCLUSIONS

1) The committee does not wish to pose as a censoring body of the Canadian Broadcasting Corporation program-

ming. But, although the program under study may not contain sufficient elements to warrant a severe criticism of the Canadian Broadcasting Corporation programming in general, this program belongs to a class that the Corporation should avoid presenting to the Canadian public. However, the committee was justified in availing itself of this opportunity to review the programming of the Corporation and the control exercised by the Canadian Radio-Television Commission with a view to meeting the objectives set out by the *Broadcasting Act*.

2) The committee wishes to point out to all those responsible for the administration of the *Broadcasting Act* that the Canadian Broadcasting Corporation is, under Section 39 of the Act, particularly responsible for providing the national broadcasting service contemplated in Section 3, which includes the obligation to "contribute to the development of national unity and provide for a continuing expression of Canadian identity." This obligation is not imposed on private stations. The Canadian Broadcasting Corporation must not be placed on the same footing as the owners of stations in the private sector relative to this particular obligation, as the Canadian Broadcasting Corporation and the Canadian Radio-Television Commission seem to believe.

3) Considering the evidence obtained, the statutes and other texts studied, the committee believes that neither the Canadian Broadcasting Corporation nor the Canadian Radio-Television Commission is meeting entirely the objectives sought by the *Broadcasting Act*. It is imperative that these shortcomings be brought to the attention of the Ministers responsible for broadcasting in Canada and for the Canadian Broadcasting Corporation respectively, as well as of the officers of the Canadian Radio-Television Commission and the Canadian Broadcasting Corporation.

Maurice Bourget,

Deputy Chairman.

THE SENATE

Thursday, June 26, 1975

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

First Annual Report of the Canadian Consultative Council on Multiculturalism, presented to the Minister responsible for Multiculturalism on December 14, 1974.

Report entitled "Non-Official Languages—A Study in Canadian Multiculturalism".

Copy of Proceedings of the Royal Society of Canada, 1974, together with a copy of the 1974-1975 Calendar and a copy of the Report of Council containing the financial statements of the Society for the year ended February 28, 1975, and the Auditors' report thereon, pursuant to section 9 of An Act to incorporate the Royal Society of Canada, Chapter 46, Statutes of Canada, 1883.

Copies of Official Note, dated June 23, 1975, forwarded to the United States State Department, outlining the Canadian position regarding the Garrison Diversion Unit.

COMPETITION POLICY

SECOND INTERIM REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS AN APPENDIX

Hon. Salter A. Hayden: Honourable senators, I desire to table the second interim report of the Standing Senate Committee on Banking, Trade and Commerce to which was referred, for examination and report, the subject matter of new proposals for competition policy in Canada, and for the consideration of any implementing legislation. I would ask that this second interim report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day, and form part of the permanent record of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix p. 1135.)

Senator Hayden: With leave of the Senate, I should like to give a short explanation of what this second interim report does.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Hayden: The first interim report was tabled in this chamber on March 19. The committee has continued having sittings from time to time and has done a lot more work. In the course of this we had a submission from the International Air Transport Association, alphabetically referred to as IATA. It appears that Canada has entered into air travel agreements fixing safety rules and regulations, routes, tariffs and tolls with at least 19 other countries. While the original agreement is between two countries, when it comes to implementing the agreements that provide for the determination of tariffs and tolls through the Traffic Conference operated by IATA, the agreements are negotiated on behalf of, for instance, in Canada, Air Canada and CPA, and those agreements are negotiated with their corresponding bodies in the countries with whom Canada has these agreements.

When these agreements are negotiated by IATA it leads to a required filing of the schedule of tariffs and tolls with the Canadian Transport Commission, which has power to deal with those tariffs either by changing or substitution or fixing of tariffs, which tariffs then become effective. This appears to fly in the face of certain provisions in the Combines Investigation Act, particularly those dealing with criminal offences, which is Part V, and where agreements fixing prices constitute an offence.

● (1410)

Any interference with this ability to negotiate on a basis that the countries with which you are dealing can assume that such agreement is definite and certain and conclusive would interfere very much with Canada's trade and travel policies and arrangements. So, in the circumstances, your committee gave serious thought to the submission made to us. We concluded that it was not enough to let this question remain unanswered—as to whether such agreements would be in violation of the Combines Investigation Act—and let these agreements be able to be defended only on existing jurisprudence. We concluded that if there were any element of uncertainty—and we felt that there was—there should be specific provision by way of exemption, or that it should be a defence to any such prosecution that such agreements entered into in this fashion did not offend against any of the provisions of the Combines Investigation Act. That is what this amendment is all about. We did not feel that it was adequate to leave any element of uncertainty, and so we propose an amendment along the lines I have indicated.

There is one thing that puzzles me. In 1970 the Parliament of Canada enacted a statute entitled the Shipping Conferences Exemption Act, relating to freight rates to shippers, and so on, and exempting certain shipping conference practices from the provisions of the Combines Investigation Act. The point is that at that time apparently no thought was given to providing exemption with respect to air travel of this nature. Obviously there must

have been a large body of opinion in 1970 which concluded that an exemption was necessary for shipping conference practices as to rates, even before "services" had been added to the Combines Investigation Act, which at that time applied only to trade and industry. While we have jurisprudence on the subject, who can say that it is conclusive? Rather than face that consequence, and, recognizing the importance of this to Canada, we decided to recommend an amendment exempting, in effect, such agreements from the provisions of the Combines Investigation Act.

Senator Grosart: Honourable senators, may I ask Senator Hayden a question? First of all, I thank him for a very interesting explanation. Were the shipping conference agreements funnelled through an official regulatory body such as the IATA agreements were?

Senator Hayden: Yes.

Senator Grosart: Secondly, are there any exemptions to the general terms of the Combines Investigation Act other than the shipping conference, and now, presumably, IATA?

Senator Hayden: There is, presumably, the one which has been there all the time, that is, the labour unions. There is also the famous fishermen's exemption, and there are further ones that we have recommended. I cannot say they have the force of law yet, because the bill has not gone through the House of Commons.

Senator Grosart: Are lawyers exempt?

Senator Flynn: Not yet.

Senator Langlois: They should be.

BUSINESS OF THE SENATE

Senator Flynn: Honourable senators, may I at this time ask the Leader of the Government or his deputy to tell us what it is expected the Senate will have to do for the remainder of this week and next week? The House of Commons will be debating Mr. Turner's most outstanding budget!

Senator Langlois: Honourable senators, before I give an outline of the work for today, I should like to ask leave of the Senate to have brought forward and placed on the Orders of the Day for this date Bill C-64 entitled, "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1976," which had been set down on the Orders of the Day for second reading tomorrow, Friday, June 27, 1975.

Senator Flynn: Honourable senators, despite the objections I placed on record yesterday, I wish to state that we on this side have no objection to giving leave for proceeding with this bill at this time. As the debate on this bill proceeds, I hope to make clear my reasons for this apparent reversal of position. I think you will find that I am justified in my stance.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[Senator Hayden.]

Senator Langlois: Honourable senators, I should now like to inform the Senate of our program for this week. If it is the wish of the Senate, we intend to deal with Bill C-64 today, and to have third reading of Bill C-16. We should also like to dispose of Bill C-62, unless it is the desire of the Senate to refer that bill to a committee.

Once these matters have been disposed of today we plan to have royal assent at 9.45 this evening, after which we intend to adjourn until 8 p.m. on Tuesday, July 8. It is possible for us to have that adjournment in view of the fact, as I explained yesterday, that there is a six-day budget debate provided for in the other place. Moreover, they have planned in the other house to adjourn Monday and Tuesday of next week as well as the following Monday, July 7.

Senator Flynn: Is July 7 a national holiday?

Senator Langlois: No. As my honourable friend knows full well, it is because on that day an important political convention will take place for one of the opposition parties. In those circumstances it is not expected that any legislation will come to us from the other place before July 8. That is the reason why the Senate should, to my mind, adjourn until July 8.

Senator Flynn: On the whole it seems reasonable.

Senator Langlois: Thank you.

STATUTE LAW (STATUS OF WOMEN) AMENDMENT BILL, 1974

THIRD READING

Senator Goldenberg moved the third reading of Bill C-16, to amend certain statutes to provide equality of status thereunder for male and female persons.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Fournier (de Lanaudière), that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

MOTION IN AMENDMENT ADOPTED

Senator Denis: Honourable senators, I move, seconded by Senator Bourget, that this bill be not now read the third time but that the French version of the bill be amended as follows:

● (1420)

Page 24: Strike out lines 14 to 17, inclusive, and substitute therefore the following:

[Translation]

"b) d'autres congés, pourvu que le total de ceux-ci et de ceux qui sont prévus à l'alinéa a) ne dépasse pas le maximum prévu aux sous-alinéas (1d)(i) ou (ii)."

Honourable senators, the purpose of this amendment is to make the French version agree with the English version.

The government meant to propose this amendment in committee, but since you have been kind enough not to refer this bill to a committee, I move the amendment. It is

simply a matter of having the French version agree with the English one.

[English]

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Fournier (de Lanaudière), that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Denis, P.C., seconded by the Honourable Senator Bourget, P.C., that the bill be not now read the third time but that the French version of the bill be amended as follows:

Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

[Translation]

Senator Flynn: Honourable senators, I just wanted to say at this stage that it always seems important, as a general rule, to refer a bill to a committee. We should adopt that as a general rule.

However, in this case, I realize very well that the Senate can solve that problem. But there are other problems that can certainly be solved better in committee.

Senator Denis: Agreed.

[English]

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Senators: Agreed.

Motion in amendment agreed to.

The Hon. the Speaker: Shall the main motion, as amended, carry?

Hon. Senators: Agreed.

Motion agreed to and bill, as amended, read third time and passed.

OLD AGE SECURITY ACT OLD AGE ASSISTANCE ACT

BILL TO AMEND AND TO REPEAL—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Carter for second reading of Bill C-62, to amend the Old Age Security Act, to repeal the Old Age Assistance Act and to amend other acts in consequence thereof.

Hon. Orville H. Phillips: Honourable senators, yesterday the Honourable Senator Carter, in introducing Bill C-62, of which he gave a very interesting and detailed description, began in the usual manner by giving us a sort of monologue on the history of social legislation in Canada, or at least, the Liberal viewpoint on the history of social legislation.

Senator Flynn: What did you expect?

Senator Phillips: Senator Carter was not as biased in this respect as was the Minister of National Health and Welfare in his introduction of the bill in the other place, but, then, I know him too well to expect him to be that biased. However, if honourable senators are to continue

this practice, I would ask that they make their monologues accurate and complete. We on this side follow them with a great deal of interest, but by now we know that there are certain periods in history which will be automatically skipped. We often wonder why you forget to mention the \$6 in 1956. And whatever became of Mr. Harris? Then we wonder why you forget that it took a Conservative administration under John Diefenbaker to make the many improvements that were so badly needed in the social legislation of this country. Next time, honourable senators, would you please include some of these facts in your monologues?

This bill is necessary because the government has failed to control inflation. It is interesting to note that the cost of living has increased by 35 per cent in the last 40 months. It is even more interesting to note that we have had the same Minister of Finance for those 40 months. More and more Canadians, both above and below the so-called poverty line, are finding it increasingly difficult to meet the ever-increasing cost of living. Bill C-62 admits the existence of this problem, and attempts to provide relief or assistance for a small proportion of those in a particular situation—that is, where one partner to the marriage is in receipt of old age security and the other is not, is below the age of 65, is not employed and is unlikely to become employed.

This is not new legislation, honourable senators, but merely a marginal expansion of existing programs. Perhaps we could compare it to a traffic director in a city changing a "stop" sign to a "yield" sign. There are very few of our citizens who will benefit from this legislation. Of those in the particular age group who could benefit, I believe Senator Carter stated that only a very small proportion would receive assistance. Apparently the figure is somewhere in the vicinity of 10 to 12 per cent. It is estimated that there are 155,000 Canadians married to spouses over 65 years of age. Based on Health and Welfare figures for July, the spouse of the average pensioner receiving only old age security and no guaranteed income supplement would not qualify under Bill C-62. Therefore, 65,000 spouses out of 155,000 are automatically prevented from receiving benefits under this legislation. Approximately 62,000 spouses would receive partial benefits because one spouse or pensioner is receiving a partial guaranteed income supplement. They would probably receive an average amount of \$31 per month, but the majority of the recipients would more likely receive \$5 or \$10 per month. This means that 27,000 spouses would receive in the vicinity of the maximum benefits under this measure.

The principle of universality has been abandoned, and a means test has been enshrined in the legislation. The benefits are on a reducing scale according to the outside income. This is the same principle as was established in respect of the guaranteed income supplement. However, in the case of the latter the reduction is at the rate of \$1 for every \$4 earned—in other words a reduction rate of 25 per cent. Under Bill C-62 the spouse's allowance will be reduced at the rate of 75 per cent, or \$3 out for every \$4 of combined income.

• (1430)

Honourable senators, it is difficult to understand why there should be such a difference in the two pieces of

legislation. As I stated earlier, the allowance is reduced according to the income, and continues down to the huge amount of 34 cents per month. Imagine the utter delight, the joy in the household, when the cheque for 34 cents is received. The postmen who deliver these huge amounts will probably go home covered with lipstick from every grateful recipient in the country. Of course, there may be the advantage that they will make their deliveries a little more frequently.

Senator McDonald: It will keep them on their routes.

Senator Phillips: That is perhaps so, Senator McDonald. This reminds me of one of my favourite television programs, "The Jeffersons." As honourable senators know, when the Jeffersons received a slice of the pie they moved to a luxury high-rise apartment. I do not think we will see many people moving to luxury high-rise apartments as a result of receiving a cheque for 34 cents each month.

Senator Goldenberg: Will the honourable senator allow a question? Does he suggest that these women will be able to buy lipstick for 34 cents?

Senator Phillips: I certainly agree with Senator Goldenberg. I mentioned the inflation figures a while ago, and in view of them 34 cents would not even buy a lipstick today.

Senator Flynn: Those were the good old days.

Senator Phillips: The sponsor stated that one of the objectives of the bill, and the reason for introducing it separately from other legislation, is to promote efficiency in controlling the program. The honourable senator has spent a great deal of time on Parliament Hill—indeed, my objections need not be limited to this capital. The same situation occurs with respect to every program, whether it be federal, provincial or municipal. Once a new program is introduced a new bureaucracy is created, which keeps on growing and growing. In this case I do not think it will be too long before the expense of the bureaucracy will be more than the benefits paid to the recipients.

The government has made much of the fact that the so-called spouse's allowance will be issued in her own right. Honourable senators, how can we say a spouse's allowance is issued in her own right when the allowance is terminated upon the death of someone else? In International Women's Year, the government is essentially saying to the recipients of spouse's allowance that the allowance will be cancelled in the event of the death of their husbands. They will be told that they should have taken better care of them. Perhaps the doctors could not keep them alive but they should have done so, at least until they reached the age of 65 years, when they would have become persons in their own rights. I fail to see the rationale of lifting some poor individual part way out of a pit of financial difficulty, maybe for a period of two or three months and then, because the spouse dies, shoving them right back down in that pit. Senator Carter yesterday gave reasons why the act could not be amended, and those reasons were perfectly valid, but, honourable senators, the government did have the opportunity in the other place to correct this situation had they so wished.

The spouse cannot even make application in his or her own right, as both persons must sign the application. This raises an interesting question. What happens if one member of the marriage or the common-law arrangement

is ill and unable to complete the application and make the necessary sworn document? The other partner could then be left in a sort of legislative limbo.

I am intrigued by the fact that a couple who face a barrier to marriage must live together for three years before they can qualify under this legislation, but those who are free to marry, with no reason why they cannot be married, are required only to present themselves as man and wife for a period of one year. I see no reason why two such couples should be treated differently.

On a lighter side, when I read the debates and committee reports of the other place I am intrigued by the statement that the couple must present themselves as man and wife for a period of one year, and cannot but wonder at what this involves. Do they go down to the mall and make a statement that for the purposes of Bill C-62 they are going to be man and wife for the required 12 months before they make the statutory declaration? This might be very good for the ice-cream vendors, but I think it would be rather difficult for the clergy.

Senator Grosart: It would put them out of work.

Senator Phillips: Another odd situation is that divorced or separated individuals may take up residence with another spouse without remarrying and can qualify for the allowance; but if for some reason, either religious or moral, a divorced person does not wish to take up a common-law arrangement, she cannot qualify for spouses's allowance. This is particularly true for those who follow the Roman Catholic faith. Unless they have changed some of their doctrine without consulting me about it, my understanding is that a Roman Catholic person who is divorced cannot remarry.

Senator Flynn: They cannot divorce.

Senator Phillips: Even if they are divorced, I understand there are still certain sacraments to which they are entitled. But if they remarry in order to qualify for this, or refuse to live under a common-law arrangement, they are discriminated against on a religious basis. To me that is clearly against the Bill of Rights.

This bill makes no provision for single, widowed or divorced persons between the ages of 60 and 64. That does not agree with the numerous statements made by the Minister of National Health and Welfare that we are entering into an age of early retirement. I know that the sponsor of the bill held out a certain hope that those people would be looked after in future programs. But, honourable senators, there is no time limit given. We all know that wheels turn very slowly around this place, so let us not wait until the new bureaucracy being established under this legislation is retired before we correct this situation.

● (1440)

Earlier today, Senator Langlois suggested that perhaps this bill could receive third reading and royal assent later this day or tomorrow. As honourable senators are aware, cabinet ministers are avoiding Senate committee meetings these days. We had a good example of that yesterday. If the bill is referred to committee, I suppose the most we could expect as witnesses would be senior officials of the Department of National Health and Welfare. We do not need statistical information. We require answers to politi-

cal questions. Since we on this side are always cooperative and eager to assist the government—a government that needs assistance—we are quite willing to forego consideration of the bill in committee. That being so, the bill can receive royal assent either today or tomorrow.

Senator Lafond: Honourable senators, I should like to welcome back Senator Phillips' participation in the debates of this House. I wish to draw to the attention of the Senate the fact that in his absence his sense of humour has improved. Also, he has improved his skill and expertise and biased monologues of his own.

Senator Flynn: You would do well yourself.

Hon. Chesley W. Carter: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform you that if Senator Carter speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Carter: Honourable senators, I wish to express my thanks to my friend and colleague, Senator Phillips, for his intervention in this debate. I should like to deal briefly with two or three points he raised.

The first point, of course, is the very controversial point of universality versus selectivity. I think all honourable senators would be delighted if legislation of this sort could be applied on a universal basis. That wish has been expressed in resolutions contained in committee reports on many occasions. However, we are now reaching the point where there is some question as to whether the principle of universality in legislation of this type is really the best way of utilizing the financial resources of our country.

Senator Phillips also raised the matter of discrimination. He mentioned widows, single persons and divorced persons. His point with respect to discrimination is somewhat tied in with the question of universality. In legislation of this type, it is almost impossible to avoid discrimination of one sort or another. It is almost impossible to single out one group of people for special treatment without discriminating against some other group or groups. The only way to avoid discrimination is to apply the principle of universality. However, if we applied that principle, the cost would be somewhere between \$1 billion and \$1½ billion, and, in the light of the recent budget brought down in the other place, an extra \$1 billion would be a heavy burden on our economy at this juncture.

If the principle of universality were applied, millionaires would receive exactly the same pension as those most in need, and the government would never receive back in taxes more than 45 per cent. In other words, if we were to expend a further \$1 billion or \$1½ billion in applying the principle of universality for pensions to people between the ages of 65 and 70, at least \$400 million would be going to people who really do not need it. In the light of that, is it not better to be selective in directing this money to those who are really in need and who, without it, would suffer hardships?

I was in favour of the principle of universality for many years. However, my mind has been changed. As government expenditures become greater and greater and the burden on the economy increases, I, too, am led to wonder whether we can really afford the luxury of universality in

legislation of this type. I would be happy if we could. However, since that is not the case, I think that the best application and use of our financial resources in this area is to apply them on a selective basis to those who are most in need.

Senator Phillips: Would the honourable senator permit a question?

Senator Carter: Certainly.

Senator Phillips: You mentioned that were the principle of universality applied, a great deal of money would go to those who do not need it. Applying that principle to this chamber, I point out that there are some extremely wealthy people, such as Senator Lafond, who really have no need for their salaries. However, the principle of universality is operative in this chamber and all senators receive the same salary.

Senator Carter: Senator Phillips also raised the question as to what happens if one member of a couple is unable to complete the joint application as required under the law. The answer is that there is a review board which has the expressed duty of reviewing questions of this kind. The review board will have the power to settle such cases on their merits. That is one of the reasons why we have the regulations and apparatus for review set forth in the bill.

Senator Phillips asked why a couple without legal barriers to marriage should have to live together only one year while a couple who have barriers to marriage have to live together three years before qualifying. I confess that that intrigued me too. It struck me on first glance that it should be the other way around, and that if no barrier existed to the couple getting married they should wait three years before qualifying, and that a one-year waiting period would be appropriate for couples who could not get married because of some legal barrier.

I made inquiries about that aspect of it, and I was told that the reason for the three-year rule in the case of a couple living together with barriers to marriage was that, in the case of one or both of the couple being married, there might be a legal spouse somewhere who, in the event of the recipient's death, might be entitled to survivor's benefits, and the three-year waiting period provides sufficient time for clearing up any legal complications of that kind. That may not be a very satisfactory answer, but that is the one I received.

● (1450)

I do not think there is much more I can add to what I have already said, except to point out that in a way this is transitional legislation, as the minister himself indicated in the other place, looking forward to a new system based on a guaranteed annual income, under which everybody will receive assistance as a matter of right.

Senator Phillips referred to the case where the spouse in respect of whom the allowance is paid dies and the other, being under 65, loses the allowance in consequence. This person then reverts to the same status as everybody else under 60 and can get assistance from provincial sources, which in some cases is even more generous than that paid under this legislation.

We are living in an imperfect world. We cannot have a perfect set-up. I think this legislation meets a need of a special group of those who are at present suffering hardship, and for that reason I hope this bill will receive second reading.

Motion agreed to and bill read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Carter: With leave, now.

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Hon. Lionel Choquette: Honourable senators, I should like to take this opportunity to add a few remarks to those we have heard from the sponsor of the bill, Senator Carter, and from my good friend Senator Phillips.

When this bill goes through I hope people will understand exactly what its purport is, and that women will not go overboard and say they are being discriminated against if they are not admitted to men's clubs. I have in mind an instance that occurred a few months ago. In Ottawa there are three men's clubs, the Rideau Club, the Laurentian Club and Le Cercle Universitaire, to which on certain days the ladies are admitted and welcomed, but on other days they are strictly men's clubs. Not long ago the three Ottawa newspapers cried, "Discrimination against the ladies." A woman reporter decided to interview somebody at the Laurentian Club, and when she went there she was told that it was not a day when the ladies were admitted. Up went the cry "Discrimination." The newspapers, who are always avid for news of that type, made an awful do about the whole thing. Surely there are still men's clubs.

Senator McDonald: And women's.

Senator Choquette: And women's clubs. There are still fishing clubs and hunting clubs for men. If these women say they are excluded because these are strictly men's clubs, I would like it to be clearly understood that this bill does not open to them the doors to all men's clubs.

There is one other thing that I should like to add in closing. If the ladies are admitted to their own clubs and if the men are admitted to their own clubs, then vive la différence.

Motion agreed to and bill read third time and passed.

NATIONAL CAPITAL REGION

APPOINTMENT OF SPECIAL JOINT COMMITTEE—MESSAGE TO COMMONS

Senator Langlois: Honourable senators, I move, seconded by Senator Lamontagne:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee of both Houses of Parliament to review and report upon matters bearing upon the development of the National Capital Region, including the programs and operations of the National Capital Commission;

[Senator Carter.]

That eight members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the said Special Joint Committee;

That the said committee have the power to send for persons, papers and records and examine witnesses; to sit during sittings and adjournments of the Senate; to report from time to time; to print such papers and evidence from day to day as may be deemed advisable; to delegate to subcommittees all or any of their powers except the power to report directly to the Senate; and to adjourn from place to place within Canada; and

That a message be sent to the House of Commons to inform that House accordingly.

Honourable senators, I first wish to apologize for having omitted in my statement of the order of business for today this important motion, with which concurrence is sought this afternoon.

I do not think I need speak at any length on this motion, which was introduced in the other place on June 23 by the Honourable Barney Danson, who spoke of the importance of creating such a committee to study the possibility of creating a national capital, which will be the national capital of every Canadian no matter what their background, even though this national capital will be situated within the boundaries of only two provinces of Canada.

I believe that the Senate will be a very happy and worthy participant in the work of this committee, and that when the members are appointed care will be taken to see that every province of Canada is represented. It is important that all Canadians should have a feeling of being represented on this committee, because it is going to be, as I said, the capital region of all Canadians.

● (1500)

With this in mind, I commend this motion to your favourable consideration and, if it is passed, I hope that later today the party Whips will be able to get together and supply a list of names to serve on the committee so that it will be ready to proceed with its work.

Senator Grosart: Honourable senators, could I ask the sponsor of the motion if there is a particular reason why the committee seeks authority to adjourn from place to place? Is it the intention of this committee to move around the country and find the feeling of the people in other provinces about the national capital, or is this merely *pro forma*?

Senator Langlois: It is felt that there might be requests for the committee to visit some of the other provinces and get the opinion of local residents.

Senator Grosart: About Ottawa? It is dangerous. Motion agreed to.

CANADIAN BROADCASTING CORPORATION

TELEVISION PROGRAM "LES BEAUX DIMANCHES"—REPORT OF COMMITTEE—DEBATE CONCLUDED

On the Order:

Consideration of the Report of the Standing Senate Committee on Transport and Communications on the

matter of the program entitled "Les beaux dimanches".—(*Honourable Senator Bourget, P.C.*).

Hon. Eugene A. Forsey: Honourable senators, I understood that Senator Denis was proposing to speak before me. I have not very much to say about this, I must confess, which will be a relief to honourable senators, I know. They will also be glad to know that if I tend to become prolix, closure will be applied by the fact that I have to be at my committee on Statutory Instruments at half past three.

I also very much hope I may be able to get through what I have to say in time for the next order to come on, when I can move the adoption of the report of that Statutory Instruments Committee.

The report which has been laid before the Senate on the subject of the program "Les beaux dimanches" I think speaks for itself. It seems to me a very well considered and thorough report. I feel inclined to speak in a minor key on it, partly because after all it deals with something that has come on the French network of the CBC and it is a subject on which I feel that the French-speaking members of the Committee on Transport and Communications are better qualified to speak than any of us whose native language is English.

I think, however, there are some very important points which are dealt with here which are critical really for the whole functioning of the broadcasting system. I do not think that even if we have the misfortune not to speak French as our mother tongue we should necessarily keep quiet on that account.

As to the program, I am sorry to say that on the occasion on which the program was actually shown to the committee I was unavoidably absent. I think it was because of another committee. I cannot remember now the exact circumstances, but I know I could not be there. To some extent I am obliged to rely on the opinions of some of those who were there and saw the performance. I have read the evidence, but of course that is not quite the same thing as seeing the film itself. It is very difficult also to gather the full purport of the program from the English translation which was made of the sound track. So much depends on the idiom, so much depends on the precise phrasing, so much depends also on the actions which accompanied the particular things that were said. The language, after all, is supplemented by the actions, the gestures, the physical performance of the people who took part in the thing. We all know that it is perfectly possible to say something which on paper looks perfectly innocent and in fact by the way in which it was said, the tone, the gesture and so on, it is not innocent at all—and vice versa.

I remember when I was with the Canadian Labour Congress that sometimes when it was a question of alleged discrimination against people for union membership, employers would come forward and say "Well, we called a meeting of our employees and we said 'Does anybody here want to join the union?' and they all said 'No', or nobody spoke up."

Of course I am inclined to think on some occasions that probably what had taken place was that the employer called his meeting, looked around with a glowering expression and a ferocious frown and said "Does anybody

here want to join a union?" Of course the answer to that was obvious but it looked quite innocent on paper. Similarly there may be things here which look quite innocent on paper, especially in the English translation, which in fact if you saw the program and if you were conversant with the French language and, I might add, the political context in Quebec, might look anything but innocent.

I think there is very little doubt, judging by what my French speaking colleagues have told me and by what I was able to gather myself, that in fact this program was of a very dubious kind, to say the least, and that it was likely to run counter to the whole purpose of the Canadian Broadcasting Corporation's mandate, or at least one of the main purposes, the promotion of national unity; that in fact in the context of political feeling in Quebec, a good deal of it might be regarded as outright separatist propaganda. That, however, I think, merely illustrated for the committee the fact that it became evident from the questions asked of the CBC senior people who came to us, that there was no adequate supervision either by the CBC itself or by the Canadian Radio Television Commission, of the kind of programs being shown.

I think this is a serious matter which should engage the attention of the Senate in the first place and of the corporation and of the Canadian Radio Television Commission in the second place.

One of the main purposes of the broadcasting system is expressly to promote national unity. If the Parliament of Canada thinks that is a wrong purpose or a mistaken purpose, they ought to change the act, but as long as the act remains there and as long as bodies have been set up to administer the act and carry it out, it seems to me they should make a much more serious effort than they appear to have made in connection with this program.

It is true that we may be accused in the committee of generalizing from a single program, but from what I have been able to gather this is by no means an isolated instance. There are other cases in which the same kind of thing, the same twist, the same tendentious kind of program has been presented.

Therefore, I have no hesitation at all in saying that I thoroughly support the report of the committee. I think there were even some members of the committee, I know there was one, who thought it might have been put in stronger terms. But I am inclined to think it is strong enough as it stands. I think it would not gain anything from any extra heat in wording. To my mind, it is a well thought out, well considered, well supported report on this particular program and on the implications which it appeared to members of the committee to have.

Honourable senators, I feel I have really painted the lily and gilded the refined gold of the committee's report, but I trust that I have at least expressed a feeling of one English-speaking member of the committee who was very gravely disquieted by this, and the more disquieted because of my own roots in Quebec and my long residence there, and my strong feeling for that province and for good relations between English-speaking and French-speaking Canadians and the maintenance of national unity.

I think it is no secret to honourable senators that I should not be sitting where I sit in this house were it not

for my feeling that the promotion of national unity was safer in the hands of the present government than it would be in the hands of any alternative government. With that somewhat acid reflection—which I think will not endear me to the Leader of the Opposition or his colleagues—I take my seat.

● (1510)

[Translation]

Hon. Léopold Langlois: Honourable senators, I will speak briefly. I think that since I suggested that a Senate committee should consider the matter, I must say a few words on the excellent work performed by the committee under the circumstances.

The report submitted to you is stamped with that restraint and discretion which is characteristic of the role of the Senate, the role of the house of sober second thought. I think that from that point of view, the report of the committee is absolutely unassailable. I know, as stated by the previous speaker, Senator Forsey, that some members of the committee wanted the report to be couched in stronger terms similar to those to which exception had been taken in the program. I do not think that a mistake can be amended by another mistake. In addition, I think that we maintained that degree of discretion and I hope that the CBC will profit by it in the future.

However, while referring to the restraint of language and the nature of the CBC programming, I wish to point out to the house two examples of recent CBC programs which were in extremely bad taste.

I refer to a program which I heard a few weeks ago, when a labour leader of my province, especially recognized for his Marxist ideas, appeared on a public opinion program where he could not refrain from using swear-words in every sentence. In my opinion, the CBC should not tolerate such programs, expressions of this kind. Further, one should not forget that the CBC has the duty to give the lead to the whole system in Canada, since it is the Crown corporation responsible for promoting national unity and reinforcing the country's culture. I know that the gentleman I referred to a moment ago does not represent Canada's culture on the whole.

Just a few days ago, on the night of the Saint-Jean-Baptiste celebrations, during the early part of a program which I found most interesting otherwise, some artists from the CBC and some from private stations used words absolutely offensive for the listeners. It was all the more regrettable, Madam Speaker, that some of these artists were of the feminine sex. I am all for women's liberation, but I do not believe that such liberation will be brought about by lowering women, by taking them off the pedestal on which we put them. I like a woman as long as she remains feminine. I believe most people share that opinion. Again I say that I do not believe that such a program as the one aired from Montreal on Saint-Jean-Baptiste night is within the category of programs that the CBC should finance and put on the air.

To me, the first part of the program to celebrate Saint-Jean-Baptiste Day was a glaring insult to the French-speaking people of Quebec. I also believe that first part spoiled a day which would have been magnificent otherwise and which until then had been a complete success. I

[Senator Forsey.]

am not alone in thinking that way, because I had the opportunity of discussing it with several of my fellow citizens from Quebec and it seems that opinion is widely held. That CBC program spoiled the evening of the Saint-Jean-Baptiste holiday, the joy of the festivities which until then had been a true success.

Now, to come back to the conclusions of the report, I must say I agree completely with the three conclusions contained in that document. The first deals with the CBC role and points out that the corporation must keep an eye on the quality of its programs. I also want to say that our committee was careful not to pose as a censor of CBC programs. Politicians, parliamentarians may be criticized for appointing themselves as judges of radio and television programs, of the quality of the private and public networks' production in our broadcasting system. But I submit, knowing that I am right, that it behooves us, it is our duty as parliamentarians, whether we sit in the Commons or in the Senate, to see to it that the objectives of the laws we pass are respected.

In this case, it was proved before the committee that neither the CBC nor the CRTC respect the objectives of the Broadcasting Act. It is our duty to ensure that the creatures born of the legislative authority of the Canadian government respect the objectives Parliament has set out for them.

As for the second conclusion of the report, I feel it is important to repeat that our committee insisted on the special obligation the CBC has of contributing to the development of our national unity and expressing the Canadian entity.

It is a far cry from this to the attitude some artists or producers of the CBC's French network seem to adopt when they use the airwaves, which belong to the public, when they use the corporation, which belongs to all Canadians, to destroy the Canadian federation.

In our report, we stressed the fact that the attitude of Radio-Canada had been denounced by some newspapers—for instance, in the article published by *Le Devoir* recently. I trust the authorities of Radio-Canada, as well as those who are responsible for the CRTC, will take into account the second recommendation of our committee.

First, let me mention the particular function of the CBC that is mentioned in the third conclusion of the report and that is, as I said earlier, to set the example for all broadcasting systems in Canada.

It could be argued, as some witnesses said before the committee, that the programs like the one under study are programs where satirizing is allowed and where we must follow—we were even given examples—the attitudes taken in other countries. We were given the example of the BBC in London and the ORTF in Paris. But I think that those two overseas broadcasting systems do not compare at all with the Canadian system, particularly the ORTF which is totally under political control.

What we have here is a state corporation whose mission is to promote national unity and reflect the Canadian entity. I do not believe that such terms of reference can be found among the objectives of the statute governing the CBC or the ORTF.

I fully endorse our committee's recommendations, when it insistently and particularly draws the attention of the ministers responsible for both organizations, the Canadian Broadcasting Corporation and the CRTC, on the importance of acting with the utmost diligence to be sure that the objectives of the Broadcasting Act be respected.

Those comments end my remarks on this excellent report. I hope it will be taken into consideration.

[English]

The Hon. the Speaker: Honourable senators, as no other honourable senators wish to participate in this debate, this order is considered as having been debated.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF FIFTH REPORT OF STANDING JOINT COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Fifth Report of the Standing Joint Committee on Regulations and other Statutory Instruments.—(*Honourable Senator Forsey*).

Senator Carter: Honourable senators, on behalf of Senator Forsey, I would ask that this order stand until later this day.

Order stands.

● (1520)

APPROPRIATION BILL NO. 3, 1975

SECOND READING

Hon. Léopold Langlois moved second reading of Bill C-64, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st of March, 1976.

He said: Honourable senators, as you will recall, on March 26 last approval was given for the first interim supply bill for the fiscal year 1975-76. That bill, Appropriation Act No. 2, 1975, was based on the 1975-1976 main estimates, and provided \$4,604 million for the expenditures for the months of April, May and June, 1975.

In addition to providing three twelfths of all of the items to be voted in these estimates, it also provided an additional eight-twelfths for vote L30 of the Agriculture Department, vote L50 of Energy, Mines and Resources, vote 20 of the Finance Department, and votes L75 and L100 of the Transport Department, for a total of \$120,982,266.67.

It also provided for an additional five-twelfths of vote 10 of the Treasury Board, amounting to \$20 million; an additional three-twelfths of votes 30 and 65 of Energy, Mines and Resources, vote 15 of Environment, vote 5 of the Privy Council, votes 40, 50 and L70 of Transport, and vote 10 of Urban Affairs, for a total of \$449,223,250; an additional two-twelfths of vote 5 of Finance, vote L80 of Indian Affairs and Northern Development, vote 40 of National Health and Welfare, vote 10 of the Secretary of State, vote 5 of the Treasury Board, and vote 15 of Urban Affairs, for a total of \$61,699,666.67.

Finally, it provided an additional one-twelfth of vote 30 of Consumer and Corporate Affairs, vote 1 of Labour, vote 10 of Manpower and Immigration, vote 15 of the Secretary of State, votes 1 and 15 of Supply and Services, and vote 1 of Veterans Affairs, for a total of \$32,008,750, and for a grand total, as I previously stated, of \$4,603,596,900.59.

I return now to the main estimates themselves, which were tabled in the Senate and referred to the Standing Senate Committee on National Finance on February 20, 1975. Those estimates were discussed in committee on May 8, with the President of the Treasury Board and his officials in attendance.

The bill before us seeks no new additional borrowing authority but seeks the release of all remaining items in the main estimates for 1975-1976, amounting to \$11,075 million.

I should add, for the information of honourable senators who are not too familiar with these bills, that Appropriation Act No. 1, 1975 covered supplementary estimates (D) for 1974-75, and was passed by this chamber earlier in the calendar year.

I commend this bill to the favourable consideration of the Senate.

Hon. Jacques Flynn: Honourable senators, I think I should like to begin by reviewing what happened yesterday, lest there be some misunderstanding of my position, or that of honourable senators sitting around me.

When Senator Langlois, the Deputy Leader, and the Leader of the Government, asked for leave yesterday to proceed with this bill, it was only normal that I should inquire as to what the program of the Senate would be for the remainder of this week and next week. As honourable senators know, the second reading of a bill, be it a supply bill or any other, requires two days' notice. Normally we should have proceeded with this bill tomorrow, if we decided to sit at that time, or next week. It could have been adopted in due course next week, and could have received royal assent, let us say, next Thursday, July 3. July 3 would not be too late for this supply bill, even if the interim supplies voted earlier covered only the period of the first three months of the fiscal year. A matter of three days would not have created any problem for the administration.

Of course, in the circumstances, since we do not have to sit next week, in view of the holiday—Confederation Day, Canada Day, Dominion Day, or whatever you like to call it; personally I like to call it Canada Day—

Senator Denis: As long as it is a holiday.

Senator Flynn: —we could very well have disposed of this bill by starting yesterday, and I do not see any problem in proceeding with it today.

The next thing I want to make very clear, before giving leave, is that certain questions which I and other senators wanted to ask could have been answered in committee.

This problem of referring a supply bill to committee has provoked considerable debate in the past. I understand the position of the government, that since the estimates are referred to the National Finance Committee there is not normally any need for the supply bill to be referred to the National Finance Committee. A supply bill does not need

to be referred to the committee if the exercise is merely to repeat what the National Finance Committee may have done on the estimates themselves.

There are, however, at times problems related to the bill itself, as distinct from the estimates. In such circumstances I think it would be a worthwhile practice to refer the supply bill to a committee, and especially to the National Finance Committee, since that is the one to which such bills should be referred.

I have given examples of such problems on previous occasions, especially when there was borrowing power provided in the bill which had not been discussed at all by the National Finance Committee in its consideration of the estimates.

There are other problems also. This bill is standard, I agree, but a problem which I have always wondered about is the one which is to be found in clause 3(2), which says:

The provisions of each item in the Schedule shall be deemed to have been enacted by Parliament on the 1st day of April, 1975.

This is a standard clause, but I am not happy with it, because the National Finance Committee, in considering the estimates, cannot look into this. I have always wanted to know whether, by including a provision such as the one contained in clause 3(2), we were sanctioning expenses made by the government prior to the enactment of the supply bill. I say that because this is what it says:

● (1530)

The provisions of each item in the Schedule shall be deemed to have been enacted by Parliament on the 1st day of April, 1975.

It appears as though we are legislating retroactively to cover expenditures made under this bill prior to its enactment. It is possible that there is a simple answer, and if there is then I would like to know it. I cannot see why the National Finance Committee would not try to solve this problem, and give me and other interested senators an explanation. I have mentioned just one example, but, honourable senators, there are many.

With respect to this particular bill, quite apart from clause 3(2), there is also the fact that it comes to us after the budget of June 23 which, in my view, is certainly related to the supply bill. But the budget was not considered by the National Finance Committee. I consider the budget to be directly related to the estimates, and I certainly would have had several questions to put to Mr. Turner either directly on this bill or on matters related to it. I shall return to that subject.

I want, first of all, to put to the Senate the suggestion that if the supply bill does not contain anything more for the Standing Senate Committee on National Finance to study than what was in the estimates, then, of course, there is no need to refer the bill to committee. But if there is something else involved, then I do not see why we should be trapped by any rule that might say that no supply bill should ever be referred to a committee. I think it is a very bad principle and one we should do away with. I am not suggesting that this should be the way necessarily with every supply bill, but certainly it would be useful, at times, to have it apply to some of them.

[Senator Flynn.]

Having said that, honourable senators, let me go further and suggest that no one here would blame a person in my position for trying to use the occasion, as I did yesterday, to force, if possible, a favourable decision on the part of the government, or on the part of a majority in the Senate. I think nobody can blame me for trying to have the government leader or his deputy agree that on some occasions at least, and particularly on this occasion, such a bill could be referred to the Standing Senate Committee on National Finance, particularly since under the present circumstances it would give members of the Senate and members of the committee an opportunity to question the Minister of Finance. And I am equally sure that today nobody will blame me for realizing, my endeavour of yesterday having failed, that it would be pointless to keep the Senate here indefinitely without hope of obtaining any useful result.

I think I have at all times been realistic in the positions I have taken in this place, and I think that I can fairly say that I have at all times tried to be cooperative. I do not think I have ever been obstructive for the sake of being obstructive. I realize that to be so on this occasion would be a useless exercise, since the minister cannot be available. However, I hope that the Leader of the Government or his deputy will tell me, will tell us, that there may be some future occasions when they will accept that a supply bill should be referred to the appropriate committee of the Senate in order that we may elicit some response to questions which we cannot really, in a practical and realistic fashion, elicit in a general debate on it.

Honourable senators, this bill, as was indicated by Senator Langlois who gave the excellent explanations that he usually gives on occasions such as this—and I congratulate him and thank him on behalf of the Senate—deals with the main estimates, the remainder of the estimates for the fiscal year 1975-76. These estimates have been considered by the National Finance Committee, and we have had a report which was tabled and discussed—briefly, perhaps, but nevertheless discussed—and they have been considered as much as it is possible for them to be considered in the Senate.

Let me point out that here I am not making any distinction between the Senate and the House of Commons because I think it becomes very difficult, as I have said before, really to keep control over government expenditures. I think that perhaps we should try some other method, preferably one that might be more effective than those presently in use.

At any rate, we have before us a bill which provides for estimates of over \$11 billion in non-statutory expenditures. One of the items I was particularly anxious to discuss in committee was, of course, the statement made by the Minister of Finance on Monday last when he said that he intended to show restraint on the part of the government in order to indicate a line of conduct not only for the provinces but also for the private sector. I heard him on television—in French, by the way—and I was under the impression that the minister was in fact saying, “Well, the government is cutting its expenditures for the current fiscal year by \$1 billion.” I think that is what was plainly said by the minister on television—in French. Then I looked at the text of the speech as it appears at

page 7025 of the House of Commons *Hansard*, from which I quote the following:

The government has therefore decided upon a wide-ranging set of measures, covering our statutory as well as our non-statutory programs, budgetary as well as non-budgetary spending, our salary as well as our hiring policies. All are directed to bringing outlays under more effective control and to slowing down their rate of growth this year and into the future. Our target of cuts this fiscal year is \$1 billion.

I should like to repeat the last sentence:

Our target of cuts this fiscal year is \$1 billion.

Now, honourable senators, if you had heard the statement made on television, a statement similar to the one I have just read, then you would naturally think, I would suggest, that the estimates before us are too high, that the minister has decided not to spend the whole amount that is provided in the estimates and in the supply bill, and you would normally expect the minister to explain where in this bill there will be some cuts. We on this side would certainly appreciate, in any event, the minister's appearing before the committee and telling us how particular statements of his would affect this supply bill. However, we are left with nothing, because we do not have the opportunity of having the minister appear before the committee to tell us exactly what the situation is as far as this supply bill is concerned.

● (1540)

The explanations I was able to gather as far as these cuts totalling \$1 billion are concerned are as follows. There is to be a \$350 million reduction in Loans, Advances and Investments. However, two of the agencies from which funds are to be cut back, Petro-Canada and the Federal Mortgage Exchange Corporation, do not even exist yet. Then we have \$350 million that probably cannot be found in either the estimates or this bill. In any event, do you not think that it would be more satisfactory to anyone sitting in this chamber, with the responsibility we individually have, to know exactly what is meant by this reduction of \$350 million in Loans, Advances and Investments?

Of course, the same applies to the plan to reduce the rate of growth in the federal Public Service from 4.1 per cent to 3.1 per cent. What does that mean? Certainly in this supply bill or in the previous supply bill, there is provision for growth in the Public Service. If there is a reduction of 1 per cent, does it mean that we will spend less than is provided in this bill, or the previous supply bill which we passed at the beginning of the fiscal year? That, in my opinion, is a good question; that, in my opinion, is a fair question; that, in my opinion, is an important and necessary question for senators to put to the Minister of Finance himself before we approve this supply bill.

There are other similar items which are not too clear. However, I suggest that the budget speech of the Honourable Mr. Turner has a direct relationship to this supply bill. Other statements, of course, made in the budget speech may have only indirect relationship to the supply bill. They would, nevertheless, be relevant, pertinent and important, and I suggest that we are missing a good opportunity to clarify various parts of the minister's speech with regard to their effect on this supply bill by

not having him appear before the Standing Senate Committee on National Finance. We cannot have him; and I am sorry about that. I will not keep the Senate here just to await the coming. We do not intend to stay here and do nothing.

However, I hope, and it is my wish and desire on behalf of the Senate—not on behalf of myself or the senators sitting around me—that the government will adopt a more flexible attitude with respect to supply bills. I hope it will ensure that these bills can be referred to committee when valid reasons for doing so exist. I say “valid reasons” in an objective manner, and I hope the government will consider these reasons in an objective way.

I recall that yesterday the Leader of the Government asked me why I did not make the motion to refer the bill to the committee. I have no objection, and I would like to take his words as having been pronounced in a sincere manner, that if I or anyone on this side were to move that the bill be referred to committee, the government would then consider the motion in an objective manner and not object on the ground that it is against our rules, which I do not accept. I would hope also that the motion would not be simply voted down without consideration, and then the argument made that a motion was made and the majority voted it down. That would be a mere pretense at democratic procedure. I am not going to make the motion today, because there are practical reasons why such a motion would not be accepted. Especially, I would not wish such a motion to be defeated for reasons which I do not accept, and which have been put forward on previous occasions. These include the reason that normally a supply bill should never be referred to a committee. I believe Senator Langlois will remember that on one occasion at least a supply bill was referred to committee, and he accepted the motion.

Senator Langlois: I made the motion.

Senator Flynn: Yes, Senator Langlois made the motion. So, assuming that the government intends to exhibit flexibility in this matter in the future, I will not make the motion today. However, I hope that I will receive assurance that there will be a more flexible attitude in future on the part of the government and of the majority. In my opinion, our attitude on this side is in the interest of the Senate, and is taken with a view to discharging our responsibility adequately. I hope that I have convinced the house, in any event, that under the circumstances of this particular bill it would have been very useful and responsible to have had it referred to committee in order to give us the opportunity to question the Minister of Finance.

Hon. Léopold Langlois: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if the Honourable Senator Langlois speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Langlois: Honourable senators, I am grateful to the Leader of the Opposition for his splendid cooperation this afternoon, and his words of appreciation for the endeavours and efforts I put into attempting to explain, to the best of my ability, supply bills to this house. As for his comments with respect to the referral of supply bills to the Standing Senate Committee on National Finance, I note

that he referred to occasional referrals. In that respect I wish to say that I, on one occasion at least—if my memory serves me correctly, it was on February 22, 1973—moved a motion to refer a supply bill to the Standing Senate Committee on National Finance for the reason, and that reason alone, that I had been partly convinced by my honourable friend that there was a flaw in the wording of the bill.

I referred the bill to committee on the implicit understanding that we were not to duplicate or repeat the work that had already been carried out up to that time by the National Finance Committee to which the estimates had been referred. A representative of the Department of Justice appeared before the committee. He explained and convinced the committee that there was no error in the drafting of the bill. Although I made it clear, to my satisfaction at least, that that occasion was not to be considered a precedent, I realized and said that occasionally there may be reasons in favour of referring such bills to the Standing Senate Committee on National Finance, provided that this was not done for the sole purpose of merely rehashing the study which had been made by the committee of the estimates which form the basis of such bills.

● (1550)

The Leader of the Opposition this afternoon pointed out another occasion on which there might be sufficient ground for referring such bills to the National Finance Committee, when he mentioned the incident which took place about seven or eight months ago. On that occasion a bill came to us from the other place with a clause containing a borrowing authority. Objection was taken in the other place to the introduction of the bill, but it was too late; the bill had already been passed.

The objection was that the bill had been illegally passed because the message from His Excellency the Governor General recommending the bill to the house did not contain this very same borrowing authority. The Speaker of the House of Commons was placed in the position of saying, "That may be right, but the bill has passed; it has been referred to the other place, and there is nothing I can do at this stage" or words to that effect.

When that bill came here, I took the position—and I still believe I was right—that since this borrowing authority was not an appropriation, it did not need to be recommended to the other place in the message from His Excellency the Governor General. I was backed up in my position by an opinion obtained from the Department of Justice. However, this could be another occasion on which there might be some ground for referring the bill to the Standing Senate Committee on National Finance.

The other example given was where a fault or error in the wording of the bill is found after the bill has reached us. But, again, we must bear in mind the fact that in this house we are usually placed in a difficult position, which is not to be blamed on any senator. We are the victims, so to speak, of the rules and practice of the other place, which always sends these bills to us for consideration at the very last stage of a session, or on the eve of the deadline on which the estimates have to be voted. We are, therefore, caught with a bill, which deserves consideration, in the dying days of the session or a few days before the deadline for its adoption. We have to live with this situation.

[Senator Langlois.]

That is the reason why the practice of this house has been to refer the estimates, on which supply bills are based, to the Standing Senate Committee on National Finance for consideration well before the bill reaches us. I am safe in saying—and I am sure most senators will be in accord with what I am going to say—that the National Finance Committee has done a very good job in its study of the estimates.

For those reasons I would suggest to my honourable friend—I do not know if he will agree with me—that if at any time he considers there is reason to review the wording of a supply bill—for example, clause 3(2) of the present bill to which he drew our attention—and if there is any doubt about the wording of a bill, then that wording might be considered by the committee at any time during the session. We need not wait until a supply bill is before us to do that.

I suggest that paragraph (h) of rule 67 is broad enough to permit our doing that. That paragraph reads as follows:

The Senate Committee on National Finance, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to federal estimates generally, including:

- (i) national accounts and the report of the Auditor General;
- (ii) government finance.

That wording is broad enough to allow any member of this house to move a motion to that effect at any stage of the session.

The wording of these supply bills is constant. I do not think it has been changed since Confederation. If we have any doubt about the validity or the correctness of the wording of such bills, we can at any stage of the session refer the wording to the National Finance Committee for study, and the committee can call witnesses from the Department of Finance, the Department of Justice, the Treasury Board, or any other department, to explain why the bills are so worded.

Having in mind the considerations which I have just brought to the attention of honourable senators, I am ready to agree with the Leader of the Opposition and admit that on occasion—provided we are not doing it for the sole purpose of repeating or duplicating the work done by the National Finance Committee in its study of the estimates—such bills could be referred to the committee at times when the Senate is not caught with a deadline or the approaching end of a session, so that the committee would have ample time to consider possible errors or obtain clarification of the wording in a supply bill which is not too clear. I agree that each such motion should be considered on its merits. If I were convinced—as I was partially convinced in 1973, when I took upon myself the responsibility of moving such a motion—I would be the first to agree to it under similar circumstances.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Langlois: I move third reading now—with leave, of course.

Senator Flynn: I understand that arrangements have been made for royal assent if the bill receives third reading now.

Senator Langlois: Yes, at 5.45 this afternoon.

The Hon. the Speaker: Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

● (1600)

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, I move that the Senate do now adjourn during pleasure to await the arrival of the Deputy of His Excellency the Governor General, and also possibly to consider the motion nominating members of the Senate to the Special Joint Committee on the National Capital Region, if the Whips can provide nominations for that committee when we reassemble.

Senator Flynn: We will adjourn until later this day.

Senator Macdonald: What time?

Senator Langlois: To the call of the bell at approximately 5.30 p.m.

The Hon. the Speaker: Is it agreed, honourable senators, that the Senate do adjourn during pleasure to reassemble at the call of the bell at approximately 5.30 p.m.?

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

At 5.15 p.m. the sitting was resumed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

June 26, 1975

Madam,

I have the honour to inform you that the Honourable Wishart F. Spence, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 26th day of June at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant.
André Garneau
Brigadier General
Administrative Secretary to the
Governor General

The Honourable

The Speaker of the Senate,
Ottawa.

NATIONAL CAPITAL REGION

APPOINTMENT OF SENATE MEMBERS TO SPECIAL JOINT COMMITTEE—MESSAGE TO COMMONS

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the following senators be appointed to act on behalf of the Senate on the Special Joint Committee on the National Capital Region, namely, the Honourable Senators Asselin, Barrow, Desruisseaux, Macdonald, McDonald, McElman, McIlraith and Molgat; and

That a message be sent to the House of Commons to acquaint that house accordingly.

The Hon. the Speaker: Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

● (1720)

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, July 8, at 8 o'clock in the evening.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTH REPORT OF STANDING JOINT COMMITTEE ADOPTED

On the Order for July 8, 1975:

Consideration of the Fifth Report of the Standing Joint Committee on Regulations and other Statutory Instruments.—(*Honourable Senator Forsey*).

Senator Forsey: Honourable senators, with leave, I should like to ask to have the order for the consideration of the Fifth Report of the Standing Joint Committee on Regulations and other Statutory Instruments, which was placed on the Orders of the Day for the next sitting, brought forward so that we can deal with it now.

I have spoken with the Leader of the Opposition and I understand he sees no difficulty. If the Leader of the Government or the Acting Leader of the Government also sees no difficulty, I very much hope that it may be possible for us to deal with it now.

It is simply a matter of arranging that during the summer we shall have a smaller quorum for the hearing of evidence, so that we can get on with the job and not find ourselves in the fall with a large backlog of material which has to be gone through. I feel confident that there will be no difficulty about this.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

REPORT ADOPTED

Senator Forsey: I move that the report be adopted.

Motion agreed to and report adopted.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Old Age Security Act, to repeal the Old Age Assistance Act and to amend other Acts in consequence thereof.

An Act to amend the Department of Industry, Trade and Commerce Act.

An Act to amend the Explosives Act.

The Honourable James Jerome, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1976.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, July 8, at 8 p.m.

APPENDIX

(See p. 1121)

COMPETITION POLICY

SECOND INTERIM REPORT OF THE STANDING SENATE COMMITTEE ON
BANKING, TRADE AND COMMERCE

Thursday, June 26, 1975.

On October 16, 1974, the following order of reference was made by the Senate:

"That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon any bill relating to competition in Canada or to the *Combines Investigation Act*, in advance of the said bill coming before the Senate, or any matter relating thereto;

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination; and

That the papers and evidence received and taken on the subject in the preceding session be referred to the committee."

Pursuant to the above order of reference, your committee now presents its Second Interim Report as follows:

Since your committee's Interim Report, dated March 18, 1975, on the subject-matter was tabled, it has been brought to its attention by the International Air Transport Association that the Canadian Government has entered into air transport agreements with the Governments of Australia, Belgium, Denmark, Fiji, France, the Federal Republic of Germany, Ireland, Israel, Italy, Jamaica, Japan, Mexico, the Netherlands, New Zealand, Pakistan, Peru, Switzerland, the United Kingdom and the United States.

These agreements require, directly or indirectly, that airlines should reach agreements in respect of tariffs and, where possible, this should be done through the Traffic Conference system of the International Air Transport Association which was incorporated by Act of Parliament in 1945, and recently amended to enable charter carriers to be admitted to membership. The resulting agreements must be filed with the Canadian Transport Commission and the Commission has control over the tariffs resulting therefrom.

As Bill C-2 would extend the application of the *Combines Investigation Act* to "services", the making of such an agreement might constitute an offence under the Act, thereby jeopardizing the entire international air transport rate-making system which has been recognized by the Canadian Government up to now.

In your committee's opinion there is at least a reasonable doubt as to whether jurisprudence under the present provisions of the *Combines Investigation Act* holding that an industry whose activities are regulated by a government body are, to that extent, exempt from the application of the Act, would cover the position of Canadian air carriers. Your committee considers that the public can be better protected through regulation and control of air transportation matters by a single government agency and accordingly recommends that agreements affecting air transportation should be specifically exempted from the application of the *Combines Investigation Act* as amended by Bill C-2. The following is a suggested text of a provision to be inserted in the Act for this purpose:—

"4.3 This Act does not apply in respect of agreements or arrangements affecting air transportation reflected in any written contract filed with the Canadian Transport Commission pertaining to the pooling or apportioning of earnings, losses, traffic, service, or equipment, or to the establishment of transportation rates, fares, charges, or classifications, or for preserving and improving safety, economy and efficiency of operations, or for controlling, regulating, preventing or otherwise eliminating destructive, oppressive or wasteful competition or for regulating stops, schedules and character of service, or in respect of other co-operative working arrangements, including the collective selection and administration of agencies for the sale of air transportation."

Respectfully submitted.

Salter A. Hayden,
Chairman.

THE SENATE

Tuesday, July 8, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

STATUTE LAW (STATUS OF WOMEN) AMENDMENT BILL, 1974

CONCURRENCE BY COMMONS IN SENATE AMENDMENT

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the house has concurred in the amendment made by the Senate to Bill C-16, to amend certain statutes to provide equality of status thereunder for male and female persons, without amendment.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT, No. 2 BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-53, to amend the Prairie Grain Advance Payments Act, No. 2.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Perrault: Honourable senators, with leave, I move that the bill be placed on the Orders of the Day for second reading at the next sitting.

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-57, to amend the Federal-Provincial Fiscal Arrangements Act, 1972.

Bill read first time.

The Hon. the Speaker: When shall this bill be read the second time?

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report on the administration of the Canadian Forces Superannuation Act for the fiscal year ended March 31, 1975, pursuant to section 28 of the said Act, Chapter C-9, R.S.C., 1970.

Report on the administration of the Canadian Forces Superannuation Act, Part II, including amounts credited to or charged against the Regular Force Death Benefit Account for the fiscal year ended March 31, 1975, pursuant to section 41 of the said Act, Chapter C-9, R.S.C., 1970.

Statement by the Department of National Defence of moneys received and disbursed in the Special Account (Replacement of Materiel) for the fiscal year ended March 31, 1975, pursuant to section 11(4) of the National Defence Act, Chapter N-4, R.S.C., 1970.

Report of Defence Construction (1951) Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report on proceedings under the Canada Labour Code, Part III (Labour Standards), for the fiscal year ended March 31, 1975, pursuant to section 75 of the said Code, Chapter L-1, R.S.C., 1970.

Copies of Summary of the Scott Committee Report entitled "Canadian Port Organization," dated June 1975.

Report of the Unemployment Insurance Commission for the year ended December 31, 1974, pursuant to section 130(2) of the Unemployment Insurance Act, 1971, Chapter 48, Statutes of Canada, 1970-71-72.

Report of the Science Council of Canada for the fiscal year ended March 31, 1975, pursuant to section 19 of the Science Council of Canada Act, Chapter S-5, R.S.C., 1970.

Report of Canadian Commercial Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 13(1) of the Canadian Commercial Corporation Act, Chapter C-6, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of Canadian Arsenals Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of Crown Assets Disposal Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 14 of the Surplus

Crown Assets Act, Chapter S-20, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of a document entitled "Distribution of 1975-76 Expenditure Reductions", which identifies the areas in which expenditures will be cut during the current fiscal year in order to achieve the reduction announced in the budget presented on June 23, 1975, together with a statement thereon by the President of the Treasury Board.

Report of the Farm Credit Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Statement of expenditures and financial commitments made under the Veterans' Land Act for the fiscal year ended March 31, 1975, pursuant to section 49 of the said Act, Chapter V-4, R.S.C., 1970.

Capital Budgets of the Atlantic Pilotage Authority, the Laurentian Pilotage Authority, the Great Lakes Pilotage Authority, Ltd. and the Pacific Pilotage Authority for the fiscal years 1972, 1973, 1974 and 1975, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-1433, dated June 20, 1975, approving the budgets for 1972, 1973 and 1974, and copy of Order in Council P.C. 1975-1434, dated June 20, 1975, approving the budget for 1975.

Report of The St. Lawrence Seaway Authority, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1974, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Financial statements of the National Harbours Board, together with the Auditor General's report thereon, for the year ended December 31, 1974, pursuant to section 32 of the National Harbours Board Act, Chapter N-8, R.S.C., 1970.

Report of the Administrator of the Maritime Pollution Claims Fund for the fiscal year ended March 31, 1975, pursuant to section 747 of the Canada Shipping Act, Chapter S-9, as amended by Chapter 27 (2nd Supplement), R.S.C., 1970.

Report of The Seaway International Bridge Corporation, Ltd., including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1974, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Superintendent of Insurance on the administration of the Pension Benefits Standards Act for the fiscal year ended March 31, 1975, pursuant to section 22 of the said Act, Chapter P-8, R.S.C., 1970.

• (2010)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP SIXTEENTH MEETING

Hon. Alan A. Macnaughton rose pursuant to notice:

That he will call the attention of the Senate to the Sixteenth Meeting of the Canada-United States Inter-Parliamentary Group, held at Quebec City, 24th to 27th April, 1975.

He said: Honourable senators, with your consent I should like this evening to make a report and then some general observation on the 16th Meeting of the Canada-U.S. Inter-Parliamentary Group held in Quebec City, April 24 to 27, 1975.

As you know, it was in January 1959 that the former Governor General, the Right Honourable Roland Michener, who was Speaker of the House of Commons at the time, and Senator Aitken of Vermont launched the Canada-U.S. Inter-Parliamentary Group. Over the past 16 years the group has shown great ability in adapting itself to changing requirements on both sides of the border. During the last two years, for example, there has been a re-examination of the aims and objects of the group, and many important changes have been made. Today the Canada-United States Inter-Parliamentary Group offers an important means of direct communication between members of the Canadian Parliament and members of the United States Congress—an advantage few other countries enjoy. The group can be convened quickly, and used for dealing with special problems on either side of the border. Communication is the name of the game and, when matters get rough or serious problems arise, is it not better to be on good terms with our cousins and neighbours to the south than to worry about events in Outer Mongolia?

Since the setting up of the group in 1959, joint meetings have been held either once or twice a year depending on circumstances. However, no meeting was held in 1974, and this was due primarily to both federal and provincial elections taking place in Canada and to congressional elections and disturbing social matters taking place in the United States.

There was a general feeling among the members of the Canadian delegation to the last Canada-United States Inter-Parliamentary Group meeting, in Washington in April 1973, that these interparliamentary meetings were not as effective as they should be, given the importance to Canada of her relationship to the United States. On the delegation's return, a study group was organized representing both the Senate and the House of Commons and all political parties. It met regularly over a period of many months, and formulated suggestions for reform of the Canadian section and for making the Inter-Parliamentary Group meetings more useful to both sides.

On March 20, 1974, at a general meeting of interested senators and members of Parliament, the study group, which was formed to re-assess the *modus operandi* of the Canada-United States Inter-Parliamentary Group, presented its proposals for reform. Those proposals, evolving from a series of study sessions, were designed to make more effective and useful the annual meetings of Ameri-

can and Canadian legislators. The report was submitted by Senator John Aird, Senator M. Grattan O'Leary, Mr. Andrew Brewin, M.P., Mr. Barnett Danson, M.P., and Mr. David MacDonald, M.P. A reorganization of the Canadian section was approved in open meeting, and I would like to explain briefly the main changes.

The Canadian section was established as a formal parliamentary association with elected officials. This replaced the earlier system whereby the Canadian delegation to these meetings was selected for the Inter-Parliamentary Group meeting on an *ad hoc* basis, with the Speakers of the Senate and the House of Commons serving as co-chairmen of the delegation. The Senate has acquired a new standing in the organization as it now contributes one-third of the budget of the Canadian section.

In the first election under the by-laws of the new association, Mr. Barnett Danson, M.P. and I were elected as Canadian co-chairmen, responsible for leading the delegation and also for the activities of the Canadian section between meetings. Due to the elevation of Mr. Danson to the ministry, the Honourable Martin O'Connell, P.C. was appointed in his place. Mr. O'Connell and I visited Washington in February to explain our proposals, which, of course, needed American consent—the group being a joint venture—and which were designed to make the meetings more effective. I am glad to say our American friends readily agreed to them all.

In order that the meetings should be better attended by busy legislators, we proposed to hold them away from the national capitals. Quebec City was chosen as the site of the meeting this year, and attendance at all meetings was excellent. We suggested that the meetings should begin on Thursday evening and run through to Sunday. This timetable involved only one working day, Friday, and thus limited the absence of American legislators from their country. This was particularly important for the Americans, who are under a great deal of stress and strain these days.

There was increased time spent on discussion in the meetings in Quebec, and a great deal of time was devoted to the meetings themselves. The discussion was conducted through three committees, each one of which focused on a separate area of policy. Canadian members of each committee received extensive background briefings and papers on the subject area in the weeks preceding the meeting. As a result we went to the meeting much better prepared for discussion than in previous years.

I have said we were much better prepared for discussion than in previous years. Taking into account the fact that delegates to the meetings were appointed much earlier than in previous years, the fact still remains that this better preparation was brought about by three groups, namely, the Inter-Parliamentary Relations Branch, whose chief officer, as we all know, is Mr. Ian Imrie; the Parliamentary Centre for Foreign Relations and Foreign Trade, which is operated by Mr. Peter Dobell, very capably assisted by Mrs. Carol Seaborn; and last, but by no means least, the several officers from the different departments of government, such as External Affairs, Industry, Trade and Commerce, Consumer and Corporate Affairs, and Environment. To all of these officials, we offer our most grateful thanks for their constant aid and assistance.

[Senator Macnaughton]

Coming back to the actual meetings in Quebec City, which were held in the Chateau Frontenac Hotel, the American delegation was led jointly by Senator Gale W. McGee of the State of Wyoming, and Congressman Thomas E. Morgan of the State of Pennsylvania. The names of the other senators and representatives are listed in the report which I propose tabling later this day.

The Canadian delegation was led jointly by myself and the Honourable Martin O'Connell, P.C., M.P. The other members of the Senate were the Honourable Paul Lafond, the Honourable Maurice Lamontagne, P.C., the Honourable Charles McElman, the Honourable George van Roggen, the Honourable L. P. Beaubien, the Honourable Jacques Flynn, P.C., the Honourable Josie Quart, and the Honourable Maurice Bourget, P.C. The Honourable Allister Grosart was prevented at the last moment from attending, which was regrettable in view of the amount of work and effort he had contributed in suggesting reform of the group during the previous months. The names of those members of the House of Commons on the delegation appear in the report.

May I say a few words about the plenary sessions? Delegates met for a short opening plenary session, the highlight of which was a welcome to Quebec from Mr. Harry Blank, M.L.A., Deputy President of the National Assembly of Quebec.

● (2020)

Following this they divided into three committees. They convened again in plenary session to hear reports from the three committees. At previous meetings in Washington and over subsequent weeks, an agenda for the discussions was worked out as follows:

Committee 1—Energy

Committee 2—Trans-border Problems

Committee 3—Trade, Investment and Economic Affairs

The committees met concurrently, each with an American and a Canadian co-chairman. Honourable Alvin Hamilton, M.P., and Senator Gale McGee were co-chairmen of the Committee on Energy, assisted by Senator van Roggen who, I am quite sure, will in due course give further details about this important topic.

Honourable Thomas E. Morgan and I were co-chairmen of the Committee on Trans-border Problems, and we were assisted by Senators Flynn, Lafond, McElman and Quart, of this chamber.

Honourable Martin O'Connell and Senator John C. Culver were co-chairmen of the Committee on Trade, Investment and Economic Affairs and they were assisted by Senators Lamontagne, P.C., and Beaubien, of this chamber. In addition, there were several topics which delegates wished to discuss which cut across committee topics. As a result, two breakfast meetings were organized, one to discuss trans-border broadcasting and the other to discuss defence production sharing within the European area of NATO.

It was decided that, unlike previous years when reports of discussions were worked out jointly in the form of a communiqué, this year each side would prepare its own report in considerable detail for each committee. I am sure senators will be interested to read the account of some of

these discussions in the report I propose to table this evening.

Honourable senators will appreciate that social events can be very useful and rewarding in that they bring our delegates and their wives together on an informal and friendly basis. The American delegation and their wives were greeted on arrival at Quebec City airport by the Canadian co-chairmen, and then proceeded to the Chateau Frontenac. In the evening the Canadian co-hosts entertained the American delegation and their wives at an informal buffet dinner at the Chateau Frontenac.

On Friday, April 25, a luncheon was given for the delegates by the President of the Quebec Assemblée Nationale, the Honourable Jean-Noël Lavoie. It was held in the parliamentary dining room of the Assemblée Nationale, which had been reserved for the occasion. Some members of the Quebec cabinet were in attendance. That evening a reception was given by the United States Consul General in Quebec City, Mr. D. J. Corcoran. Later the delegates and their wives split into smaller groups to dine at some of the fine restaurants for which Quebec City is famous.

One of the features of the meeting was the attendance on the weekend of the Speaker of the Senate, the Honourable Renaude Lapointe, and the Speaker of the House of Commons, the Honourable James Jerome, and Mrs. Jerome. They actively entered into the proceedings, which was especially appreciated by the American delegates and their wives. Subsequently both honourable Speakers gave and presided over a dinner in honour of the American and Canadian delegates and their wives, following upon a reception in the Officers Mess at the Citadel, Quebec City's historic fortress. A final farewell brunch was held on Sunday morning, April 27, following which the delegates returned to their respective capitals.

As I have said, there were committees on: Energy; Trans-border Problems and Trade; Investment and Economic Affairs. I will not trespass upon the topics dealt with in committees 1 and 3, as there are other senators here who will probably wish to inform the Senate of the matters discussed. Insofar as committee No. 2, Trans-border Problems, is concerned, as co-chairman I should like to make just a few remarks.

The discussion in this committee dealt with the common law of the sea problems, fisheries issues, and the question of East Coast pollution, particularly in the context of tankers supplying Eastport, Maine, refineries through Head Harbour Passage in New Brunswick. Later, West Coast pollution from Alaskan oil into Puget Sound, and other trans-boundary issues including the Great Lakes, the Champlain-Richelieu Dam and the Garrison diversion project were considered.

The report which I propose to table later this evening goes into a fair amount of detail on these subjects, which should prove of interest to honourable senators. For example, with respect to the continental margin, which is the area extending from the 200-mile limit to the edge of the continental shelf, a Canadian delegate explained that Canada claimed ownership of this area but was prepared to institute a system of revenue-sharing of resources found there with developing countries. With regard to the exploitation of the deep-sea bed, a United States delegate said it should be a matter of first come, first served. The

Canadian side suggested that an international sea-bed authority should be given a mix of licensing, contracting and exploitation rights. There would be some joint ventures by private enterprise with the authority.

Concerning fisheries, the position of the two countries was generally very close and their objectives were similar: the proper management and conservation of the living resources in their economic zones.

In our discussion of the Great Lakes issue, both sides agreed that the International Joint Commission was doing good work, particularly in regard to Great Lakes water quality, but in the opinion of the Americans it was over-worked, understaffed and took too long on its reports. In respect to coastal environmental concerns, there was considerable discussion of the proposed refinery at Eastport and of the West Coast problem of super-tankers traversing the Strait of Juan de Fuca to reach United States refineries in Puget Sound. Later, on the Eastport problem, Senator McElman was particularly knowledgeable and persuasive. Both sides expressed concern for the environmental risks involved.

There was a discussion about the Champlain-Richelieu Dam dispute; and on the Garrison diversion project the Canadian side made known its concern that the project seemed to be going ahead in North Dakota despite the frequently expressed concern of Canada that it would have considerable adverse effect, particularly in the Souris River and its tributaries. It was urged that a moratorium be declared on the project until a study of the impact could be made.

At the end of the meetings, members of both sides agreed it was useful and necessary in respect to matters of irritation between the two countries that each side should try to hear the viewpoint of the other side, that proceedings of parliamentary committees might be exchanged, that interested groups should be able to be heard in the other's legislative committees and that the channels of communication and consultation should be kept open.

Honourable senators, others will follow me, I hope, in giving details of their experience at this valuable encounter in Quebec City with our American friends.

It is my opinion that such exchanges between legislators are very valuable. But I might point out that there has been a recent development in the United States which makes it an even more important contact for Canada. In the past year there has been a shift of power in the United States from the Executive to the Congress. The Standing Senate Committee on Foreign Affairs recently heard an expert American witness explain the new importance and power of Congress. Canada has only two regular contacts with congressional figures—an arm's length contact through our embassy in Washington, and these Canada-United States Inter-Parliamentary Group meetings. It is my opinion that these meetings can be a major link between Canada and the United States and an important way for Canadians to influence American decision-makers. There is no doubt that the Quebec meeting has shown us new possibilities of increasing still further the effectiveness of this contact.

● (2030)

At the fifteenth meeting of the group held in Washington on April 5, 1973, Deputy Secretary of State, Kenneth B. Rush, addressed a plenary session and, in part, spoke as follows:

Our examination together of these issues inevitably reflects the long history of our unique relationship. I know that many words have been devoted to semantic discussions of "the special relationship" between us—what it is, whether it exists, and so forth. I do not propose to add to the debate on this question. I would merely assert that it is abundantly clear that geography has placed us next to each other, that through decades of history we have lived side by side in peace and friendship, and that we share a common set of basic values.

He went on to say:

I am conscious that particular problems may be very much on your minds at the moment. We have unresolved trade issues between us. I know that there is genuine and widespread concern in Canada over the role of private American investment there. It will not be easy to find equitable and mutually satisfactory solutions to cross-border energy problems. We have both recognized belatedly that we share serious environmental problems.

As we approach discussions of these issues, however, I trust none of us will lose sight of the long and remarkable record we have of together finding solutions. Some of them have become routine and are taken for granted. Some have required patient negotiation and imaginative genius. Many were unprecedented in their time.

It seems to me the key to solution of our common problems is the spirit in which we approach them. Let us be mindful of the benefits our proximity brings us both; let us never forget that we are sovereign and independent nations; let us be patient when necessary; let us be respectful of our unsurpassed record of resolving differences; and let us never cease to attempt to understand each other's viewpoint.

In conclusion, on April 15, 1975, the Prime Minister, Mr. Trudeau, on foreign policy, wrote:

There is no such thing any more as a totally independent country, and there is no such thing as a distinctive and unrelated problem. All human beings in one measure or another are interdependent, and all human problems are interrelated. Not just in theory or in textbook explanations but in actual, daily application.

The importance of maintaining cordial, beneficial relations with the United States of America is one of the great objectives of the Canada-United States Inter-Parliamentary Group.

Hon. Senators: Hear, hear!

Senator Macnaughton: Honourable senators, I now table the report of the sixteenth meeting of the Canada-United States Inter-Parliamentary Group, held in Quebec City, April 24 to 27, 1975, and ask that it be printed as an appendix to the *Debates of the Senate* of this day.

[Senator Macnaughton]

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(For text of report see Appendix "A" pp. 1144-1155.)

Hon. George van Roggen: Honourable senators, in following Senator Macnaughton, I should like to take a few moments of your time in reporting on one particular committee of the three mentioned by him that were structured at Quebec City, namely, the Committee on Energy.

Before doing so, however, I congratulate Senator Macnaughton and the other American-Canadian co-chairmen for the work they have done during the past year in giving new life to the Canada-United States Inter-Parliamentary Group.

The majority of the American delegates at Quebec City were outspoken in their praise of the work done, particularly by the Canadian co-chairmen, in launching the Inter-Parliamentary Group on what they felt would be an increasingly important path in the years to come. Many of them referred to this particular meeting as the best for many years. Certainly credit for that goes to Senator Macnaughton and his co-chairman for the work done prior to the meeting relating to the agenda and other arrangements.

It is difficult to deal with the subject of Canada-U.S. energy problems without putting them in the broader context of the so-called energy crisis in general which the world has faced in the past two or three years, primarily as a result of the actions of the OPEC countries. If I may, I should like to refer briefly to a speech I gave on Canada-United States relations at Quebec City, a few weeks after the meeting with which we are concerned. In that speech I said:

It is popular today to speak of the energy crisis, but I prefer to speak in terms of the crisis in cheap energy, because in my view there is no shortage of energy in the world—the whole universe is energy—there is only a crisis as a result of having obtained our oil and natural gas, on which our economies are so dependent, at a fraction of their true value for so many years that our economies became badly distorted.

There are proven reserves of oil in the world for 30 or 40 years and new conventional oil will be found for a further number of years supply. If we add to this the nonconventional oil reserves such as our Athabasca Tar Sands and your Colorado Oil Shale, to say nothing of converting coal, we have ample conventional fuel to bridge the period through fission cheap hydrogen and on to the harnessing of the fusion process the ultimate energy source.

I went on to say:

By the way, I would suggest that you not hold your breath while our oil needs are supplied from the Athabasca Tar Sands or the Colorado Oil Shale, as my personal view is that these sources will prove to be so expensive that they will not be competitive in this generation. We must first look to new conventional reserves of oil and gas and to the conversion of coal.

Against that background of the problem of energy generally, which I believe other people on that committee

agreed with in principle, we discussed the particular problems of energy vis-à-vis the United States and Canada.

Again, if I may, I should like to quote from that same speech, as follows:

Our problem in North America is a short range one involving the problem of bridging the gap until you— That is, the United States.

can bring on stream your oil and gas from Alaska and we can bring on stream our Arctic gas, which is now fairly well proven, and develop Arctic and offshore oil, where our preliminary showings are hopeful but where supplies are not yet proven. This will take varying lengths of time and huge amounts of capital during the next ten years.

So we have, insofar as our interrelationship with the United States in the narrow field of energy is concerned, basically a short range problem. In dealing with it, I will break energy down into five categories, namely, oil, gas, coal, nuclear energy in all its forms, and exotic types of solutions to the problem.

Insofar as oil is concerned, we have at present in Canada proven supplies for a period which is estimated in the area of eight years. With respect to the figures I am about to give I would stress that different experts give different estimates. They are ballpark figures, and should be treated as such. Similarly, the United States has conventional supplies proven at home for a short period of time. When you think of the total dependence we have on oil—so much of our industry and transportation, of course, being based on oil—eight to ten years' supply is anything but a sanguine thought.

To put in perspective the types of problems of bringing on new supplies of oil, I would quote amounts such as approximately \$1,000 per barrel-day to produce oil in the Near East, and roughly \$4,000 per barrel-day in Alberta. Those amounts can be escalated to \$10,000 to \$15,000 in our Arctic and in the North Sea, and there are estimates that go as high as \$20,000 for developing the Athabasca tar sands. You can see the great need in both of our countries, and in the world generally, to bring the value of oil up to world prices as soon as is reasonably possible without disrupting the economy too badly, so as to create an ability in ourselves to bring on stream these frontier oil reserves.

● (2040)

The United States has in Alaska unquestionably a very huge pool of oil. They will talk in terms of as little as ten billion barrels, because they actually have proven to the satisfaction of the banks a sufficient number of barrels to warrant financing the oil pipeline being built across Alaska today. However, knowledgeable people in the industry are convinced that Alaska has very much larger reserves of oil than that; some people have estimated it as running to 100 billion barrels, and others compare it to Arabia. Once that oil is brought down to the lower 48 states, the American problem will be greatly resolved. It will take yet two or three years until the first pipeline is completed, and because that will not solve all their problems they will still be needing to develop their coal and nuclear energy sources, as well as continuing to import substantial amounts of their oil from overseas. However,

they hope to keep that figure at a level whereby they will not be completely crippled if it is cut off.

In Canada we have the same shortage facing us in eight or ten years, but our problem is a little more serious than theirs in that, while we have discovered substantial natural gas in the Arctic and in the Mackenzie Basin, we have yet to discover proven reserves of oil in sufficient quantities in our Arctic and offshore. We have very hopeful signs, but it is not yet proven, and we have not yet contemplated building an oil line from our Arctic because the oil is not yet discovered, so we are not in as sanguine a position as that of the United States.

I should sound a warning at this point. Canadians should not be too quick to suggest that we should play dog in the manger with our American friends on matters of energy, because that may be a very shortsighted point of view in the long haul. We may well be looking to assistance from our American friends on the short haul in the years to come, as they might look to us for assistance from time to time today.

With respect to nonconventional oil, namely, the Athabasca tar sands and the Colorado oil shale, I said a few moments ago that estimates of the Athabasca tar sands recovery indicate costs that will run to possibly \$20 a barrel. It may very well not be competitive, and we must not tie our industrial machine to the hope of that being a total solution, without seeking conventional sources in our Arctic and elsewhere. I do not quarrel with the decision of the Ontario government, the Alberta government and the Canadian government to spend money in pursuing development of the tar sands. I think we must develop our technology if we are to be ready when the time comes, but that time may be some distance off as yet.

So, honourable senators, our oil problem is similar to that of the United States. We have a short-term problem looming in the near future until, first, they can get their Alaska oil down, and, secondly, we can develop some Arctic conventional oil or offshore conventional oil.

With natural gas there is a more serious problem. Natural gas is not as readily transported across oceans as is oil, although progress is being made in cryogenic tankers, and our natural gas supplies indicate that we will be in short supply. I do not see us being able to meet our commitments in only three years in Canada. The United States imports a substantial amount of natural gas from Canada and, unlike oil, it is imported on long-term contracts for 20 years, most of them with another 15 or 18 years to go.

You will hear Americans complain bitterly, as did some members of the American delegation on my committee, that we have not been honouring these contracts in raising the price of the gas very, very substantially. I took issue with them on this, and I take issue with others who say that, because in my opinion the increases in price have been done entirely legally under these contracts, if you look at the export licences of the National Energy Board under which contracts were renegotiated as recently as 1970. I will not go into that in detail tonight. I had detailed information at my fingertips for the committee on this subject, given to me, by the way, not only by Ottawa officials but by senior officials of the major exporting company in Western Canada, Westcoast Transmission.

A more serious problem, however, involves, not the increase in price of our gas to the Americans but the existing shortfall in our quantity delivery and the potentially greater shortfall in the quantity delivered in the next few years. The existing shortfall through the West-coast Transmission system ran as high as 25 per cent average during the last two winters, which were mild, and at peak periods as high as 50 per cent. This was created by a certain phenomena of water in the wells in Northern British Columbia, which is not a curable problem. In the future a simple shortage of gas from existing fields will put us and Canadian governments in a position of choosing between honouring export contracts or seeing Canadians suffer from a lack of gas supply. This will be a very difficult thing for Canadian governments to cope with and, in my judgment, might well produce the most difficult irritant or problem between Canada and the United States in the next three or four years.

● (2050)

Here again, looking at the Canadian scene, we have not yet made decisions as to the pipelines that are to be built to bring down our Arctic gas to alleviate this problem. Here we are in approximately the same position as the United States, because the question has yet to be resolved by them as to whether they will bring their gas out of Alaska by pipeline across Alaska, then freeze it and take it down the West Coast by tanker, or whether they will opt for the Mackenzie Valley pipeline through Canada—if indeed Canada will agree to construct such a line.

Canadians, on the other hand, have yet to determine whether they would rather have the Alaska Valley pipeline carry both Alaskan gas and Mackenzie Delta gas, to serve both the United States and Canada, or build only a Canadian facility. The regulatory bodies in Ottawa and Washington will be at least two years in making the decision on these important questions, and then there will be two, or three years, or more, needed for construction. So, it is clear that we will not have this problem solved at the time the actual shortfall will start to occur in the next two or three years. This can be a serious irritant between our two countries until the Alaska and Arctic gas is brought on stream, and we must move to bring it on stream as rapidly as possible.

Honourable senators, with respect to coal I can only say to those doubters and others who think we are going to be short of energy and will have to leave our cars in the garage for all time to come, that we are particularly fortunate in both the United States and Canada in having some of the world's greatest coal reserves. We have huge reserves in Canada, and the United States has coal reserves that I believe equal something approaching 20 or 25 per cent of the world's total known supplies.

So, there is no total energy shortage. There is a shortage of available, cheap, convenient energy. But when you get oil at \$10 or \$12 a barrel, the conversion of coal starts to become very possible. The technology is known. Coal can be converted to gas, to oil, and to feedstocks for petrochemicals. Indeed, any greenery that grows in the field can be converted to any of those substances. We will not be out of our basic requirements, as long as the price is sufficient to encourage people to bring along alternative sources.

[Senator van Roggen.]

Honourable senators, I saw a graph the other day of anticipated United States energy provisions by the year 2000, and all of these forms of energy are still being used—oil and gas, less than today in total percentages but still significant; coal, probably twice as much as today; nuclear energy, two or three times as much as today; exotic fuels, which I will come to in a minute or two, not a significant amount. So this is a thing that will change slowly.

Honourable senators, coming back to Canada-United States relations—which is what I am addressing myself to—there is no particular problem between Canada and the United States insofar as coal is concerned, again with the exception of the short term. Some Americans, including one or two people at the committee hearing, made reference to the fact that Ontario's industries survive in large measure on the importation of American coal. This is true for both generating plants and steel mills in Ontario.

The inference has been drawn that if we cut off their oil by diminishing our exports, they will have to divert that coal to Montana and the northern tier states. This would be a counterproductive tit-for-tat approach to a problem, because much of the energy generated from that coal in Ontario is in turn shipped back to the United States in the form of electrical energy. And, by the same token, if we are not generating that energy with coal in Ontario we would have no choice but to divert Quebec hydro from the northeast United States into Ontario. I think our friends readily recognized that what we need to do is cooperate in these things and not visualize tit-for-tat restrictions against one another.

Honourable senators, I am moving ahead quickly because I believe there are others who wish to speak this evening. On nuclear energy, I can say that I believe both countries are now in a position where we are developing our nuclear capacity in a constant fashion. I think we may soon move to cheap hydrogen, about which few people speak today, which may possibly fill a substantial need in our energy requirements before we harness the hydrogen atom in the fusion process, which may be 50, 75 or 100 years away, at which point we will have a pollution-free ultimate energy source. I do not see problems between Canada and the United States insofar as nuclear energy is concerned.

Honourable senators, what I call the exotic solutions to the problem are, I believe, solar energy, geothermal energy, the harnessing of tides, and heat pumps. These matters were also discussed. Generally speaking, they will fulfill a very modest role in our energy requirements by the turn of the century. The possible exception there is the heat pump, in regard to which the Americans, after an expenditure of hundreds of millions of dollars in experimentation with exotic fuels, have settled on as being the one which has a good deal of practical application and which may well be significant, particularly in temperate climates. The heat pump is an air conditioner in reverse. It takes heat out of the outside air and puts it into the house. Heat can be taken out of air at 20 degrees below zero. It becomes counterproductive however, when the energy used to run the machine is greater than the energy recovered.

Honourable senators, may I conclude by asking what, if anything, we accomplished in Quebec City? I feel that

these interparliamentary exchanges are very important, particularly, as Senator Macnaughton said, when we see the shift of power in the United States going from the executive to the legislative at this particular time. Insofar as my committee is concerned, I would put my finger on two things of significant benefit insofar as the American legislators who were there are concerned. One is that we cleared the air greatly—and this was in private conversation as well as across the table—on the question of “continentalism”. I think I can best summarize this by reading again from my speech given some weeks later in Quebec City. I have since received several letters from American senators and congressmen, commenting on how pleased they were to have at least my point of view on what is now a bad word in Canada. What I said to them was this:

This brings me to the word which is now a bad word in Canada by definition, namely, “continentalism.” To me continentalism is a bad word or a good word only depending on the definition one gives it. If you mean by continentalism the pooling of our resources with those of the United States, then it is, to a Canadian, a bad word, because it is obvious that with your consumption 10 times ours, pooling our resources would only mean that they would be exhausted 10 times as quickly as if we reserved them for our own use.

If, on the other hand, continentalism means cooperation and intelligent planning to serve the best interests of the economies of both of our countries, then it is a good word, and in this sense I am a continentalist because I believe fervently that in the years ahead, as indeed in the past, it is essential that artificial, economic and political barriers not be created along our border. If energy can be provided from western Canada to the western United States in return for energy from the eastern United States to eastern Canada and similarly in other products, then this is surely to our mutual advantage. But a concerted effort will be necessary to still the shrill voices that are so often heard, and listened to by some, particularly at a time of crisis or difficulty.

The remaining thing that I think was useful insofar as the Energy Committee was concerned, as a result of our discussions, was what is now being referred to in the newspapers as the oil swap. The Americans pointed out to us very strenuously that our cutback in oil exports to the United States—which, as you know, Mr. Macdonald has given notice will be phased out over a period of years—would create a severe hardship on certain oil refineries in the northwestern United States, such as in Montana and Idaho, where the refineries are all built and geared specifically to process Alberta oil. They are most anxious that we permit them enough time to get their Alaska oil down from Alaska to service those refineries. They did not want to increase their dependence on foreign oil sources to provide these supplies in the meantime.

● (2100)

We took the position that we could not recommend to our government that we should abandon the phasing out of the oil exports until more oil is available to us than the reserves in Alberta; but we did say to them that as the need they had was a short one of two or three years let us not talk about giving them more oil in exchange for dollars but giving them oil now in exchange for some of their oil later—an exchange of kind for kind—and if this could assist them we would recommend it. Several members of the committee, including myself, subsequently made representations to Mr. Macdonald and others. Negotiations are now underway between officials of his department and the appropriate American officials in this connection, and subject to technical difficulties being resolved it is hoped that something will be done to accommodate them in that respect.

If so, we certainly will have done ourselves no harm whatsoever; we will have a return of the oil at a later date and we will have improved considerably the relationship between us on this particular point. Honourable senators, I would submit that concrete benefits can accrue from meetings of this sort and that they are worthwhile for our Parliaments to pursue in years to come.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(See p. 1140)

REPORT OF THE SIXTEENTH MEETING OF THE CANADA-UNITED STATES
INTER-PARLIAMENTARY GROUP

The Sixteenth Meeting of the Canada-United States Inter-Parliamentary Group took place in Quebec City, April 24 to 27, 1975. This meeting was to have been held in 1974, but difficulties in the Parliamentary and Congressional time tables and national elections in both countries made a postponement necessary.

The United States delegation was led jointly by Senator Gale W. McGee (Wyoming) and Congressman Thomas E. Morgan (Pennsylvania). In addition to the two Co-Chairmen, the delegation consisted of the following members:

Senate:

Hon. John C. Culver (Iowa),
Hon. Patrick J. Leahy (Vermont),
Hon. Carl T. Curtis (Nebraska),
Hon. Ted Stevens (Alaska),

House of Representatives:

Hon. Harold T. Johnson (California),
Hon. William J. Randall (Missouri),
Hon. Lloyd Meeds (Washington),
Hon. Helen Meyner (New Jersey),
Hon. Cardiss Collins (Illinois),
Hon. Dante B. Fascell (Florida),
Hon. Sam M. Gibbons (Florida),
Hon. Michael McCormack (Washington),
Hon. James Cleveland (New Hampshire),
Hon. Robert C. McEwen (New York),
Hon. Larry Winn, Jr. (Kansas).

The Canadian delegation was led jointly by the Honourable Alan A. Macnaughton, P.C., of the Senate and the Honourable Martin O'Connell, P.C., M.P., of the House of Commons. The other members were:

Senate:

Hon. P. Lafond (Quebec),
Hon. M. Lamontagne, P.C. (Quebec),
Hon. C. McElman (New Brunswick),
Hon. G. C. van Roggen (British Columbia),
Hon. L. P. Beaubien (Quebec),
Hon. J. Flynn, P.C. (Quebec),
Hon. J. Quart (Quebec),

House of Commons:

Mr. H. Breau, M.P. (New Brunswick),
Mr. J. R. Comtois, M.P. (Quebec),
Mr. R. Daudlin, M.P. (Ontario),
Dr. M. Foster, M.P. (Ontario),
Mr. R. Kaplan, M.P. (Ontario),
Mr. J. Roberts, M.P. (Ontario),
Mr. I. Watson, M.P. (Quebec),
Mr. W. Baker, M.P. (Ontario),

Hon. A. Hamilton, P.C., M.P. (Saskatchewan),
Mr. F. Hamilton, M.P. (Saskatchewan),
Mr. D. MacDonald, M.P. (Prince Edward Island),
Mr. D. Munro, M.P. (British Columbia),
Mr. F. Oberle, M.P. (British Columbia),
Mr. S. Leggatt, M.P. (British Columbia),
Mr. G. Rondeau, M.P. (Quebec).

In the past years and in fact since the inception of the Canada-United States Inter-Parliamentary Group in 1959, the Speakers of the Senate and House of Commons have served as ex-officio Co-Chairmen of the Canadian delegation. However, the inordinate demands of the parliamentary sittings more often than not made it impossible for the Speakers to take an active part in the meetings. In the two years that have elapsed since the fifteenth meeting of the group, the Canadian side had undertaken a substantial re-organization of its structure. As a result, the Canadian section was established as a formal parliamentary association with elected officers. Senator Alan A. Macnaughton and Honourable Martin O'Connell were elected earlier in the year as the Canadian Co-Chairmen, responsible for leading the Canadian delegation and also for the activities of the Canadian section in between meetings.

A number of other organizational changes were approved by the new Association at the same time. The Canadian Co-Chairmen visited Washington early in 1975 in order to submit these suggestions to their United States counterparts. They readily agreed to the following:

- a) Meetings should be held outside of the capitals to ensure better attendance.
- b) Meetings should begin Thursday evening and run through to Sunday to limit absence from the legislatures and encourage better attendance.
- c) Increased time should be spent in discussion.
- d) Background papers should be prepared and exchanged between both sides in advance to provide a factual basis for discussion.
- e) Discussion should be organized in three committees meeting concurrently so that individual members would have more chance to participate.

At this meeting in Washington and over subsequent weeks, an agenda for the discussions was worked out as follows:

- Committee 1) Energy
- Committee 2) Trans-border Problems
- Committee 3) Trade, Investment and Economic Affairs

The agenda of the Energy Committee included such matters as Canada and United States sources of energy and areas for future cooperation, bilateral problems and multilateral aspect of energy issues. The Committee concerned with trans-border and environmental problems discussed law of the sea questions, fisheries problems and

conservation, air and water pollution problems, and water boundary issues. The Trade, Investment and Economic Affairs Committee considered foreign investment policies, bilateral trade issues, and problems of inflation and recession.

PLENARY SESSIONS

Delegates met for a short opening plenary session, the highlight of which was a welcome to Quebec from Mr. Harry Blank, Deputy President of the National Assembly of Quebec. Following this, they divided into three committees. They convened again in plenary session to hear reports from the three committees.

COMMITTEE REPORTS

In previous years, reports of the discussions in committees were worked out jointly between the two sides and published as a joint communiqué. As a result they tended to be cautiously phrased and not informative. This year for the first time, as another innovation, it was decided that each side should separately prepare its own reports. The Canadian reports of the three committees are attached hereto as appendix number I, II, and III. An effort has been made to record the discussion in considerable detail.

Two breakfast discussions were also organized at the request of delegates from both sides to consider problems relating to trans-border broadcasting and to defence production sharing within the European theatre of NATO. Reports are also attached of these discussions, as well as of a meeting of the Co-Chairmen called after the business meetings had been concluded to assess the results.

PROGRAMME

The United States delegation and their wives were greeted at the plane on arrival at Quebec City airport by the Canadian Co-Chairmen and proceeded to the Château Frontenac. That evening their Canadian co-hosts entertained the United States delegation and their wives at an informal buffet dinner held at the Château Frontenac.

On Friday, April 25, a luncheon was given for the delegates by the President of the Quebec National Assembly, Honourable Jean Noël Lavoie. On the same evening, a reception was given by the United States Consul-General in Quebec City, Mr. D. J. Corcoran. Later that evening, United States and Canadian delegates and wives split up into smaller groups to dine at some of the fine restaurants for which Quebec City is famous.

On the weekend, the delegates were joined by the Speaker of the Senate, Honourable Renaude Lapointe, and the Speaker of the House of Commons, Honourable James A. Jerome and Mrs. Jerome, who jointly gave a dinner in their honour at the Château Frontenac Hotel. This was preceded by a reception in the Officers' Mess at the Citadel, Quebec City's historic fortress.

A final farewell brunch was held on Sunday morning April 27, following which the delegates returned to their respective capitals.

Hon. Alan A. Macnaughton, P.C.,
Co-Chairman.

Hon. Martin O'Connell, P.C., M.P.,
Co-Chairman.

Ottawa
May 8, 1975.

COMMITTEE I—ENERGY

Participants:

Hon. Alvin Hamilton, P.C., Co-Chairman; Senator
Gale McGee, Co-Chairman;

Sen. G. C. van Roggen

Mr. H. Breau, M.P.

Dr. M. Foster, M.P.

Mr. J. Roberts, M.P.

Sen. Ted Stevens

Rep. Harold Johnson

Rep. Michael McCormack

Rep. Larry Winn

Rep. James Cleveland.

Two sessions of the committee were held, one in the morning, from 10:00 to 12:00; and a second in the afternoon, from 3:00 until 5:30 p.m. The morning's discussion and part of the afternoon focussed on Canadian oil exports and, in particular, the timetable for cutting back those exports. The afternoon's meeting considered gas exports, uranium policy in Canada and realistic possibilities for developing new forms of energy sources.

CANADIAN OIL EXPORTS

While it was accepted that Canadian and American figures for potential reserves of oil varied greatly, depending in part on the objective of the person or institution providing the figures, there was ready acceptance of the fact that new sources of oil would require much higher levels of capital. For comparative purposes, it was noted that Western Canadian oil required an investment of about \$4,000 for each barrel of producible oil per day over the lifetime of the well; Arctic oil would probably need \$10,000 per barrel and tar sands oil might run from \$16,000 to \$20,000. Therefore the most important determinant of recoverable oil reserves was the price to be paid for the oil.

It was against this background that United States participants asked questions about the Canadian export tax. They wondered whether Canada could afford to maintain a reduced domestic price, both because the low price encouraged excessive consumption and because the funds raised were being spent to subsidize the price of oil being imported into Eastern Canada rather than being used to develop new sources of oil. Canadian speakers observed that the government was interested in moderating the inflationary effect of oil price increases but that the federal authorities were committed to an upward movement to a "world related price". The government would, however, seek to hold Canadian oil prices at a level comparable to the "rolled-in" price for United States oil, in order not to place Canadian industry at a competitive disadvantage. The aim of Canadian oil policy was to achieve self-sufficiency and therefore the government was conscious of the need to allow the price to rise to a level which would encourage both exploration and the development of new sources of oil. It was noted that at current prices Syncrude would need about \$12 a barrel to cover costs. The agreement regarding Syncrude had involved giving the company an assurance that it would receive the world price for oil, but no guaranteed floor price had been offered.

This information prompted a discussion of possible future world oil price levels. One Canadian referred to a figure of \$8.50 a barrel in current dollars which had been mentioned to him by a European Community energy expert. An American participant questioned his judgment, citing the rapidly developing levels of consumption in third world countries, where the marginal gain from the introduction of energy consuming production equipment was much greater than was the case in the developed world. OPEC countries recognized this trend, and were using their capital to assist the development of third world countries in part in order to ensure a continuing market for their oil. He urged participants to take note of a study by the Shell Group in London on the rapid increase in third world demand, which he thought would counterbalance the effect of any reduction in demand for oil achieved by developed countries.

Whereas the Canadian decision to place an export tax on oil was not opposed by the Americans, they expressed concern regarding the schedule announced by the Canadian government in November 1974 for cutting back gradually on oil exports to the United States. An American said that the effects of this decision had not been felt in the United States due to a temporary fall in demand owing to the U.S. recession. But as the United States economy improved and demand increased, the decision would begin to hurt, the more so because the cuts in Canadian gas exports in the northwest United States were leading consumers to convert to oil. When the Canadian oil cuts began to cause difficulty, there would be a strong popular reaction in the United States, particularly since some people would be affected by both cuts.

Canadian participants explained, using charts prepared by the National Energy Board (NEB), that Canadian exports had under law to be based on oil and gas surplus to Canadian domestic requirements. The NEB had recommended a schedule of cut-backs carefully phased to ease the shock on the United States, and intended in particular to provide assured supplies for the "locked-in" refineries in the northern U.S. prairie states until 1979. Moreover, if new oil reserves were discovered, the limits could be raised. There had been some pressure in Canada for an immediate end to oil exports to the United States, now that Canada had become a net importer of oil, but the government had resisted these pressures so as to ease the effect of the Canadian cuts on the United States.

The United States' side drew attention to the special situation created by the fact that Prudhoe Bay oil was due to be delivered to markets in the "lower-48" states by January 1978. The minimum deliveries from that date were to be 1,200,000 barrels a day, and it was hoped that the throughput of the pipeline could soon be increased to 2 million barrels a day. The United States would remain an importer of some 6 million barrels a day, but it was hoped to keep imports down to that level, primarily to limit the degree of leverage available to Arab oil producing states, but also to keep down inflationary pressures on the international oil price. The United States saw Alaskan oil as replacing Canadian oil imports and they accordingly pressed the Canadian authorities to reconsider the oil cut-back schedule and to maintain a level of exports of up to

800,000 barrels a day until January 1978. They wondered whether the proposed schedule for cutbacks had taken account of the availability of Alaskan oil and strongly urged the two governments carefully to assess the effects on each other of decisions taken for valid national reasons in the energy field, and to consider alternative policies which might cause less difficulty to the other country.

In the face of this strong request, Canadians mentioned that not only was the present quota of oil for export not being taken up, but also the Montreal pipeline was behind schedule. Therefore they thought the Americans were unlikely to experience the full effect of the cutback before January 1978 and they wondered why offshore oil might not be used temporarily to substitute for Canadian oil.

The American participants strongly urged the importance to the United States of not becoming, even temporarily, more dependent on offshore oil. In this circumstance, the Canadian participants asked whether the United States would consider undertaking to replace any oil provided in excess of the present quotas with Alaskan oil to be delivered after 1978. The United States participants said they would very much appreciate such a Canadian offer and thought it would be quite reasonable to reimburse Canada in kind. The Canadians made it clear that swap arrangements made over time involved greater difficulties even than the kind of swap arrangements currently being negotiated to supply the northern U.S. prairie refineries with Canadian crude in exchange for Alaskan oil delivered into the Canadian system. In spite of the practical difficulties, the Canadian participants undertook to inform the Minister of Energy, Mines and Resources of the interest expressed by the Americans and to urge the Canadian government to consider favourably any such proposal which might be made by the United States authorities.

Both sides recognized the importance of taking account of the impact of national policies on their North American neighbour and the desirability of trying to find ways of helping the other state, while still promoting their own national objectives. This included swap arrangements which could make possible lower transportation costs on both sides of the border. The Canadian side agreed to this general objective on the understanding that it was clearly understood that each country continued to pursue its national interest. They pointed out that too often Americans spoke in favour of a continental energy policy, which implied a pooling of continental energy reserves, an approach which would be disastrous for Canada. The American side insisted that this was not what they intended and seemed to appreciate the lesson in semantics. The American side also added that they were impressed by the speed with which Canada had moved to establish a new national oil policy, and wished they could do as well.

NATURAL GAS

There was some discussion of the situation with natural gas, the BTU equivalent price of which had been allowed to fall to dangerously low levels in both countries. The result was excessive consumption, without the possibility of bringing in large quantities of offshore natural gas to make up the short-fall. It was this situation which gave special urgency to bringing Alaskan gas south to the

United States. U.S. law required that the oil could not be shipped south if the gas produced from the same wells was wasted. Oil should start flowing south in September 1977. There was a 2-year reservoir capacity in Alaska. This meant that a gas pipeline had to be in place by September 1979. It would take three years to build a gas pipeline. Therefore, construction had to begin by September 1976. The United States side wondered whether a Canadian decision would be taken by that date, but the question was not pursued.

American participants pointed out that cutbacks in Canadian gas exports to the northwest United States were forcing some consumers in that region to convert to oil. If oil were cut back, there would be new conversions to coal. This meant that there was an interconnection between fuels, and therefore it was not really possible to develop separate policies for each kind of fuel without considering the effect of the decision on alternative fuels.

The Canadian side described the problem with B.C. gas wells, where water had seeped into the wells and was forcing cutbacks of from 25 to 40 per cent. Because of the threat of lawsuits from Canadian consumers, the whole cutback had been taken from supplies to the U.S. consumers. However, some measures had been adopted in B.C. to reduce gas consumption, which had reduced the short-fall: some electrical generating plants had been converted from gas to oil; and a \$20 million pipeline had been built, even though it would only be used for three years, to bring in some additional supplies. The United States participants did not raise the same kind of objections over these reductions as they had over proposed limitations on oil exports. The Canadian side noted that the last long-term contract for gas exports had been approved in 1970. The NEB was beginning hearings on the future of gas exports, and it was possible, when a decision was reached in about a year's time, that cuts would also be ordered in gas sales as had been the case in oil exports.

The price increases introduced by Canada within the last year were described and explained. There was a surprisingly mild reaction from the U.S. side. It was mentioned that the cost of transporting Alaskan gas to the "lower-48" would be high—twice the current price for gas sold interstate—which suggested that the U.S. participants felt that the present price for gas was relatively too low.

URANIUM

A Canadian participant raised the issue of the U.S. embargo on uranium sales into the United States. He explained that Canadians might be moving into a situation where it would have to limit uranium exports. This whole theme did not arouse much concern on the U.S. side.

The Americans showed interest in learning about public resistance in Canada to the construction of nuclear generating plants. It was pointed out that there seemed to be less public resistance in Canada than there was in the United States.

NEW SOURCES OF ENERGY

The Canadian side mentioned some new ideas for heating buildings in winter and for saving fuel generally. The suggestion was made that a heat pump and a solar furnace

could even at present levels of technology provide up to 15% of the energy requirement for house heating. A U.S. participant observed that of all the new ideas, only the heat pump seemed to hold promise. He also felt that the saving achieved was minimal in terms of United States consumption.

COMMITTEE II—TRANS-BORDER PROBLEMS

Participants:

Senator Alan Macnaughton, Co-Chairman
The Honourable Thomas Morgan, Co-Chairman
Senator Jacques Flynn
Senator Paul Lafond
Senator Charles McElman
Senator Josie Quart
Mr. Walter Baker, M.P.
Mr. Stuart Leggett, M.P.
Mr. David MacDonald, M.P.
Mr. Ian Watson, M.P.
Mr. Don Munro, M.P.
Senator Patrick Leahy
Rep. Dante Fascell
Rep. Lloyd Meeds
Rep. Robert McEwen
Rep. Helen Meyner

The morning's discussion of this committee, from 10.00 to 12.00, dealt with common Law of the Sea problems, fisheries issues and the question of east coast pollution particularly in the context of tankers supplying the Eastport, Maine, refinery through Head Harbour Passage. The afternoon's meeting, from 3.00 until 5.00, considered west coast pollution from Alaskan oil into Puget Sound and other trans-boundary issues including the Great Lakes, the Champlain-Richelieu dam and the Garrison Diversion project.

LAW OF THE SEA

Although it was recognized that Canada and the United States were in agreement on some issues related to Law of the Sea, it was clear that there were bilateral differences over the international straits and the protection of the marine environment from pollution.

The Canadian side pointed out the importance to Canada of the Northwest Passage which it considered an internal water within the Canadian Arctic Archipelago and not an international strait. The objective was to ensure, through Canadian control, a protection for the unusual and fragile environment. It was suggested by a Canadian delegate that the problem of the Northwest Passage be left aside until after the Law of the Sea Conference, and then an agreement might be worked out bilaterally with the United States.

The American side replied that a vital question of security was involved and it was difficult for the United States to make an exception vis-à-vis Canada for an exclusive arrangement regarding international straits. The right of innocent passage through such straits must be maintained. However an American delegate agreed that the coastal state should have some responsibility for pollution control.

In respect to the Continental Margin, that is, the area extending from the 200 mile line to the edge of the conti-

mental shelf, a Canadian participant explained that Canada claimed ownership of this area but was prepared to institute a system of "revenue-sharing" of resources found there with developing countries.

In regard to the exploitation of the deep seabed, the United States' position, as explained by a delegate, was that it should be a matter of "first come, first serve" with the greatest possible access to the mineral nodules on the seabed and a licensing authority which would not carry out exploration or exploitation activities itself. The Canadian side pointed out that Canada had taken a median position at the Conference whereby the International Seabed Authority would be given a mix of licensing and contracting and exploitation rights. There would be some joint ventures by private enterprise with the Authority.

In respect to fisheries it was pointed out that the position of the two countries in multilateral terms was generally very close and their objectives were similar: the proper management and conservation of the living resources in their economic zones. In this context, an American delegate wondered why Canada was helping the Cubans with a grant of \$6 million to build a fish processing plant which would probably be fed by fish harvested in huge factory-like fishing ships.

FISHERIES

In discussing the bilateral disagreements over salmon fishing, the U.S. side brought out the difficulties which were encountered due to interceptions by Canadian and American fishermen taking each other's salmon, especially on the west coast where the matter is subject to a bilateral agreement. It was suggested by an American delegate that there should be co-operation in undertaking joint fishery research and intensive monitoring in order to see who is taking whose fish in the hope this might help to solve this growing irritant. A Canadian delegate pointed out that on the east coast there was no bilateral problem over salmon as the U.S. had co-operated fully.

GREAT LAKES

In discussion of the Great Lakes' issues, the U.S. side made the point that some joint overall planning and management mechanism was needed to deal with the many complex problems connected with the Great Lakes. Both sides agreed that the International Joint Commission was doing good work—particularly in regard to Great Lakes water quality—but in the opinion of the Americans it was overworked, understaffed and took too long on its reports. There was general feeling that the IJC could be strengthened.

The problem of Great Lakes water levels was raised briefly by a Canadian delegate who informed the American side that Canada was moving to try to alleviate the problem of regulation during high water periods. Although Canada had resisted having an IJC study made of possible water control alternatives in the Montreal area because it was internal Canadian waters, the federal government and Quebec now were moving ahead on their own study. Possible alternatives included the dredging of a carrying channel. Recently \$600,000 had been granted to speed up the study project and ensure its completion by February 1976.

An American delegate raised the subject of the Great Lakes pilotage dispute. Because of a recent decline in ship traffic, U.S. pilots who are self-employed are not doing very well financially. Canadian pilots on the other hand are salaried civil servants for the Great Lakes Pilotage Authority and are considerably better off both financially and in respect to work conditions. This has caused discontent and there is additional irritation since the U.S. pilots do not agree with the "50-50" split of the work load in the Great Lakes basin, a principle which had been set out in a 1961 memorandum of arrangement between the two countries. On Lake Ontario the issue had become especially controversial in 1974 when both sides worked out separate working arrangements with their respective authorities.

COASTAL POLLUTION

In respect to coastal environmental concerns, there was considerable discussion of the projected east coast refinery at Eastport, Maine, and the west coast problem of supertankers transiting the Strait of Juan de Fuca to reach the U.S. refineries in Puget Sound.

On the Eastport problem, the Canadian side set forth its concern that oil tankers coming through Head Harbour Passage would constitute an intolerable risk in terms of environmental damage. There are valuable fish in these waters including lobsters which would be severely affected by an oil spill. The area was a staging area for migratory birds as well. It was pointed out that even U.S. reports recognized that Eastport was one of the most unsuitable spots for a refinery which could be found on the east coast. The approaches through Head Harbour Passage were narrow and winding. It was an area subject to fog and the currents were difficult to judge. The Maine Environmental Board had given one ruling on the subject, but a new hearing was beginning even though there was recognition that the refinery would have to make arrangements with Canada to ensure passage for tankers.

The American side pointed out that the United States had and would have a major energy shortage and that it was essential that the imported crude reach refineries in this area.

The Canadian side suggested that there were much better situations for deepwater ports along the East coast than Eastport. One project being seriously contemplated nearby was at Lorneville (Saint John Deep), in New Brunswick. From this terminal point, a pipeline system could be built to supply crude to Maine, and other north-western American areas as well as Montreal and Quebec.

A member of the American side said he considered the environmental risk of tankers coming through Head Harbour Passage was too great but another American delegate questioned whether Canada had the right under international law to prevent their coming through.

There was general recognition on the American side of the determination on Canada's part to stop the Eastport project and a common hope was expressed on both sides that opposition of environmentalists in Maine might bring it to a halt and resolve the dispute.

In the wide-ranging discussion on west coast pollution problems, no consensus was reached but both sides expressed concern for the environmental risks involved. A

Canadian member had prepared a paper setting out the alternatives to Alaska oil tankers coming into the Cherry Point in Puget Sound or Port Angeles. Instead of tankers off-loading at either point, it was proposed that a "mono-buoy" or "catamaran" system be set up in Gray's Harbour on the west coast of the State of Washington to permit oil to be off-loaded off shore and be piped ashore. The cost involved needed further study but should be balanced against the cost of the proposed facilities at Port Angeles and the cost of clean-up and rehabilitation to the "island sea" after a major oil spill. This member voiced his additional concern that there were recent indications of an increased number of refineries being built in the Puget Sound area.

An American delegate replied that the U.S. now recognized that this issue was a common problem between the two countries, a fact, he admitted, which the U.S. had been "less than sensitive" to initially. But he reiterated that the U.S. was an energy-consuming nation desperately in need of energy sources. Twenty-five per cent of their known domestic oil reserves were in Alaska. It was essential that this be brought to the American market. However he emphasized that only one-fifth of the Valdez crude would be processed at Cherry Point, only one more refinery at most would be built there and no tankers larger than 120,000 deadweight tons would come in at the rate of about five a month. Further, the Governor of the state, and Senator Magnuson and he himself were in agreement that the state did not want to become a transshipment point nor a refinery area for oil for the rest of the United States. "There was too much risk", he said. This delegate considered, however, that Gray's Harbour did not appear to be a practical solution for the targeted amount of oil. In fact, the American delegate said, plans to bring one-fifth of the Alaska crude into Puget Sound area are almost "cast in concrete" at this point.

The Canadian participants emphasized that a 120,000 ton tanker was already quite large and a spill from such a tanker could be very serious. It had been established that an oil spill in Georgia Strait would not clear easily but wash back and forth. The American side was asked what safety precautions were being taken and disappointment was expressed that double-bottoms were not being made mandatory in current U.S. regulatory legislation. A Canadian delegate said there should be intensive co-operation and consultation on safety standards and suggested that the Intergovernmental Maritime Consultative Organization (IMCO) might be the best forum for such co-operation.

The American delegate emphasized that every precaution would be taken in respect to safety standards. New tankers equipped with twin screws, and the latest navigational equipment and radar-controlled surveillance methods were being built to handle the oil shipments.

It was pointed out by the Americans that the official Canadian position on tanker safety was ambiguous. When the U.S. Corps of Engineers preparing legislation on safety standards solicited outside opinions, Canada was one of the strongest opponents to stricter safety control. The American side stated that on the west coast the Jones Act gave protection, whereas on the east coast there are old

Liberian tankers bringing in oil. It was acknowledged however that, at present, because the Trans-mountain Pipeline supplying oil from Alberta to Washington refineries had almost dried up, some oil from Venezuela was coming in in dangerous tankers temporarily.

The American side inquired about the method of supply to refineries in the Vancouver area, and also about the possibility of feeding the U.S. refineries through the Trans-mountain Pipeline which would in turn be fed from a Mackenzie Valley pipeline.

The Canadian side acknowledged that "not a lot" of oil comes in now by ship to be refined in Vancouver but the intention is to phase this out and supply B.C. refineries by pipeline overland. As to the Mackenzie Valley line, a Canadian delegate wondered if there would be a major American objection on security grounds to the construction of the Mackenzie line carrying U.S. oil or gas through Canada. The committee did not discuss at any length the possible alternative of Alaskan tankers coming into Puget Sound—namely, the proposal to build a terminal point at Port Angeles on the Strait of Juan de Fuca from where the off-loaded oil would be piped to Puget Sound refineries.

TRANS-BOUNDARY POLLUTION

In connection with the Champlain-Richelieu dam dispute, an American delegate focussed on the point that although the IJC was going to do another study on the area, permission had been granted for the construction of the control dam to go ahead simultaneously. It was feared that once the construction project was in place, it would be impossible to prevent its use even if the IJC advised against it. He urged that no steps should be taken at this point to lock either side in a fixed position.

On the Garrison Diversion project, the Canadian side made known its concern that the project appeared to be going ahead in North Dakota despite the frequently expressed concerns of Canada that it would have considerable adverse effect, particularly in the Souris River and its tributaries. It was urged that a moratorium be declared on the project until a study of the impact could be made. It was noted that although both governments were in agreement that the IJC should look into the matter, no formal reference had been made. Both sides agreed that the IJC should have the Garrison reference.

CONCLUSION

The members of both sides agreed that it was useful and necessary that in respect to matters of irritation between the two countries, each side should try to hear the viewpoint of the other side, that proceedings of parliamentary committees might be exchanged, that interested groups should be able to be heard in the other's legislative committees, and that the channels of communication and consultation should be kept open.

COMMITTEE III—TRADE, INVESTMENT AND ECONOMIC AFFAIRS

Participants:

Hon. M. O'Connell, P.C., M.P. (Co-Chairman)
 Sen. John C. Culver (Co-Chairman)
 Sen. M. Lamontagne, P.C.
 Sen. L. P. Beaubien

Mr. J. R. Comtois, M.P.

Mr. R. Daudlin, M.P.

Mr. R. Kaplan, M.P.

Mr. F. Oberle, M.P.

Mr. F. Hamilton, M.P.

Mr. G. Rondeau, M.P.

Sen. Carl T. Curtis

Rep. William J. Randall

Rep. Sam M. Gibbons

Rep. Cardiss Collins

The Committee met in two sessions, morning and afternoon of April 25. The pre-arranged agenda was adhered to: (a) Foreign investment policies; (b) Bilateral trade issues; (c) Problems of inflation and recession. It was agreed before the meeting that the discussion of trans-border broadcasting problems would be the subject for a special breakfast meeting on Saturday, April 26, so that interested participants from all three committees could take part. In covering the several aspects of bilateral trade issues, the topics covered in the preliminary luncheon briefings in Ottawa were used by Mr. O'Connell as points of reference. On the Canadian side lead-off speakers and spokesmen in specialized areas were arranged in advance.

FOREIGN INVESTMENT POLICIES

Senator Culver acted as chairman for the morning session which was devoted to this topic. As a background for the discussion, he noted particularly the weakening position of the American dollar internationally, the inflationary trend in the U.S. economy, and the consequent softening of the American stock market. Foreign investors were attracted to the United States in numbers and variety previously unknown. With the exception of Japanese investors who faded back because of problems arising from the oil supply difficulties, this trend toward increasing investment by foreigners has continued. In the past few months it has increasingly aroused the concern of Congress. The earlier attitude to foreign investment in the United States was largely neutral and benign because of heavy U.S. investment elsewhere. A trade war could only harm American foreign investments. Congress last studied indirect investment in 1949 and direct investment in 1959. To provide for reliable data on which to base future action, Congress passed the Foreign Investment Study Act in October 1974. This Act called for an 18-month study of the extent and impact of existing foreign investments by Treasury and Commerce, to include analyses of the effects of both direct and portfolio investments on the U.S. balance of payments and the effects of financing methods on American financial markets. It was also to include an analysis of the effects of direct investment on employment opportunities and practices in sensitive areas like national security, energy as well as agriculture and environment. Recommendations were expected on ways to harmonize state and federal interests, together with a proposed model to serve as a basis for discussion with potential investors such as Iran and other OPEC countries. For the first time, Senator Culver said Congress was experiencing "the ugly American come home". At the same time it was becoming aware of the sensitivities of countries like France, certain Latin American states and especially Canada, about

American investment. It is expected that future American legislation would provide safeguards similar to those Canada had already enacted in its Foreign Investment Review Act.

A Canadian participant gave the background to the passage of the Foreign Investment Review Act which was not the only legislative response to public concern about the high percentage of foreign ownership in recent years, but was certainly the strongest. The purpose of this Act was to give Canadians greater control of their economic future by ensuring that investments of specified types by non-Canadians could be made only after the government had assessed that they were likely to be of significant benefit to Canada. Part I of this Act had been in effect since April 9, 1974. It required that the federal government screen foreign takeovers of Canadian business above a certain size. Under Part II, which has not yet been enacted, screening would also be necessary for the establishment of new business in Canada by foreigners.

An American participant agreed that Canada had been right to legislate against such a high percentage of foreign investment. However, he applauded the increase in multinational investment in the United States, and he hoped Canada would be moderate in the application of its legislation. He invited Canadian comments on problems likely to arise in this area. The United States, he felt, needed a better Trade Act so it could negotiate more seriously at GATT. Disclosure regulations would have to form a part of future American legislation. Some restrictions on specific areas of foreign investment would be necessary. He cited shipping as one such area. The biggest employer in his district was in fact a French firm.

A Canadian responded that the Foreign Investment Review Act had satisfied Canadian critics of foreign investment in Canada. It had an additional objective, however, to emphasize the need to increase Canadian involvement in the financing of Canadian business. He delineated the limits of the Foreign Investment Review Act and pointed out that it did not change the direction of foreign investment.

An American asked when Phase II of the Canadian bill would be put into effect, which industries would be protected, and what percentage of Canadians must be represented on the boards of directors of firms. She also wished to know how Canadian trade with Cuba had been affected by American legislation. Answers to these questions were given in asides, including a later explanation by a Canadian M.P. on how Canadian subsidiary companies were affected by restrictions imposed by the U.S. Competition Bill in fulfilling orders allowed by Canadian law. A Canadian legislator was not as sanguine that Canadians could do without unrestricted flow of foreign capital for the development of resources. Canada had less need for equity capital but risk capital would still be necessary and should be welcomed.

What Canadian experience could tell the United States was shown by examples given by two Canadian participants. One member described difficulties of the Bluebird Transport Company in his constituency. Another noted that transport, notably the CPR, had long been controlled

outside Canada, while in other areas Canadians did invest at home. He cited the example of Imperial Oil.

A Canadian turned the discussion in a new direction with his comment that it should be recognized that American investment in Canada had been in the main friendly and supportive, that it had come from a country with similar social values. The capital that now stood before the gates of U.S. markets was not so, that in the main it would come from countries with very different, even hostile social and political objectives. The United States side agreed with this forecast of the character of future foreign investment in the United States, noting that there had been no real problems in the Canada-U.S. situation because of the ease of discussion about it arising from the common democratic foundations of our two societies. A further threat in this new direction of foreign investment in the United States was seen in its effect on the shaping of political action through election contributions for example. He said he was indebted to the Canadian side for bringing out this new element in the foreign investment discussion. The U.S. side said it believed the United States had a stake in Canadian prosperity and vice versa. Both countries faced the same dilemma, they needed capital to create jobs, and foreign capital can do that. He gave the example of Japanese investment in cattle feeding yards in Australia which had led Japan to buy Australian as opposed to American meat in quantity. New factories in new places should be encouraged. He took the long view that the United States had a lot to gain from prosperity in Canada.

An American participant attributed the American overseas take-overs to the over-valuation of the American dollar following the Bretton Woods agreements. He noted that so far OPEC money has been invested in safe areas, U.S. government bonds, short-term bank notes, etc. There was no investment in land. He asked for some explanation of why Canadians did not invest in Canada.

A Canadian replied that in some ways we were the authors of our own problems. Our dollar had been frozen until fairly recently. It was difficult to find Canadian vehicles to invest in. Traditionally we had invested chiefly through the New York market. He agreed that Canadians were the beneficiaries of foreign investment in Canada in the main, but there was a desire to reverse this trend and to increase Canadian investment at home.

Another Canadian observed that the political climate would be inhospitable for foreign investment in some areas in Canada, especially in the resource field. He drew attention to western provincial interests in oil and gas, by way of example. The United States side felt that there was a need for new international agreements regarding foreign investment. New rules were needed for OECD and GATT, and there should be a review of what is understood to constitute fair trade. On the specific question of U.S. trade with Cuba he felt the prospects for re-opening this trade within a year were very good.

BILATERAL TRADE ISSUES

The Canadian Co-Chairman opened the afternoon session on bilateral trade issues and problems of inflation and recession.

A Canadian participant led off the discussion of this topic. He described three areas in Canadian-U.S. relations

which could be regarded as old business, and then suggested new issues under discussion. The trade-off situation of 1970-71 no longer held. The shopping list approach to trade matters was past. The automotive pact issue had altered as a result of the shift from the profit picture for Canada in 1971 to the \$1.3 billion deficit picture in 1975. Fundamental questions should now be asked about the industry as a whole, as the trends towards deficit were more than cyclical in nature. In the defence area Canada is now buying more. On tourist exemptions Canada had moved some distance to meet American views by increasing the duty-free exemption for Canadian tourists.

Under the loose heading of new issues he included the difficulties in the export-import of agricultural products. The Canadian refusal of entry for U.S. beef arising from the DES controversy had been countered by the much broader American embargo of Canadian beef, pork and hogs. In the Michelin tyre case a fundamental difference of views was evident. What was regarded in Canada as legitimate assistance under a programme designed to ameliorate regional disparities in economic opportunity was viewed as protection by the United States which took countervailing action. In looking forward to the GATT negotiations it might be that in solving multilateral trade problems some of our bilateral ones may be solved as well.

AGRICULTURE

An American participant responded to the agricultural question in some detail. Heavy losses by the operators of feed lot cattle had backed up to create an oversupply of ranch cattle. The whole world was surprised. A commodity thought to be in short supply had in fact become a surplus supply. Why had this happened? There were several possible explanations, but no certain answers. EEC countries and Japan had stopped buying in North America in large quantities. The U.S. and Canada had taken action against each other, thereby inhibiting sales. In that matter there had been a meeting between Secretary Butz and Mr. Whelan and some accommodation appeared to be possible. He thought the U.S. was ready to move on the embargo on hogs if Canada could be more accommodating about slaughter-fresh beef. He described the conflict over the importation of cattle fed with a diet supplement containing DES. In his opinion there should be free trade in agricultural products. Canada and the U.S. should be partners to sell protein around the world. He proposed one way of avoiding conflicts arising from national agricultural policies. Canadian witnesses could be invited to appear before U.S. committees of Congress to explain Canadian policies. At present Canada and Australia produce beef to sell at a price equal to the tax per pound on U.S. beef.

A Canadian replied to these agricultural questions. He agreed that Canadian beef producers would like to return to a North American concept too. Australian beef is presently selling in Canada at 12 cents a pound, for the producer. In Canada we got into the surplus beef situation as a result of a surplus in grain which was then used to feed cattle. But his main concern was the "over-response" of the United States in correcting what were thought to be mistakes in production. He saw agricultural products as great long-term exports of the United States. Secretary Butz had turned the machine around. The emphasis now was grow

and sell. Canada was moving to a stock-loss position. Which way was best? Canada and the U.S. should perhaps be moving together to an international agricultural agreement. In such an agreement it would be important to know how the state-trading nations would act as this would affect the United States position.

An American participant took up the international agreements theme. In Florida the problem was food, specifically citrus fruits, not meat, but it was good sense to move toward such agreements. There had to be world reserves of prime commodities. There was a need for a range of prices. It was also important to stabilize the glut-surplus situation in commodities. Many people in the United States were advocating international food storage programmes. Another American felt that the state-trading nations were a disruptive influence in agricultural trading arrangements. They bought in such large and well-publicized quantities. A Canadian agreed that these countries were getting the best of it and that there was need for a co-ordinated effort in trading with them.

A Canadian participant brought forward two problems. The first related to his experience in a border constituency where difficulties arose because of inflexible immigration regulations for casual farm labourers who wished to work in one country or the other at times of peak harvest. His other problem was a social one, related to the cost of hospital care and the need for reciprocal arrangements which the Chairman agreed to consider another time.

TRADE ISSUES

An American participant then took up the Michelin Tyre Company case. It was, in fact, one of the few times the U.S. had countervailed against Canadian manufactures. The United States held the view that this plant was built with the specific intention of penetrating the American market. On the auto-pact he suggested it must be good, it had made both sides unhappy. It was, he said, understandable that a one billion dollar overhang was worrying to Canada. He sought Canadian views about why the pact was not working. Somehow production had got out of balance. While Canadians still favoured large cars for long distance travel, the American buyers were concentrating on smaller cars to meet the gas shortage. A Canadian made the case for the Canadian manufacturers of auto parts in the Windsor area who are suffering this problem. Canada produces the parts for the large cars which it sends to the United States. The small parts now in demand for the smaller cars are produced in the United States. This had aggravated the Canadian deficit situation. Another Canadian described the situation in his constituency where successive modifications in the General Motors products had kept pace with the change in demand for small cars.

GATT CONFERENCE

The Chairman then introduced a discussion of GATT which he said had worked to the comparative advantage of both countries. If we depended on free trade, supplies would be available, but would not be as secure. The new trading nations from the Third World would affect the thrust of future negotiations. Developed nations would be asked to expand their bargaining to include the concept of sharing with the less developed countries. Canada was

probably more sympathetic to Third World interests than the United States might be because Canada was also a provider of raw materials. The Canadian desire was to alter the tariff structure a little, by taking a "sector" approach to the negotiation of items. Canada views such negotiations as a possible vehicle for attacking barriers to trade (particularly tariff escalation) which act as a constraint to the further processing of resources in Canada prior to export. Canada also shared the concern of Third World countries about security of supply. If resource processing and manufacturing facilities were geared to supply to foreign markets, Canada and other exporters would have a greater vested interest in maintaining the level of supply than is the case when resource-consuming countries were simply seeking assurances of supply of relatively unprocessed raw materials. This concern was particularly relevant to non-renewable resources like oil and gas. He suggested that export taxes should be used to meet this difficulty.

The recent United States Trade Bill seemed to reflect American concerns in the same area. Should Canada respond to those features of the Act?

THE U.S. TRADE ACT, 1974

An American participant said he had been a member of the committee which discussed the Trade Act. It was not viewed as a retaliatory measure. There had not been any discussion of Canada. The Act was to facilitate expansion in the future, otherwise restrictions would have been written into it. On GATT there were restraints on the U.S. bargaining team arising from state and local governments. It was always a problem for the United States to deliver after the bargaining. It would be useful if some sort of liaison could be set up between the bargainers and Congress.

A Canadian said that on the auto-pact problem he was optimistic. Cars would continue to be a high personal priority item in a high income society. On the use of export tariffs, they were designed to raise revenue to pay the increased price of OPEC oil. He wondered if in the future it might be possible to reverse quotas. In his opinion the developed nations had a responsibility to give the Third World countries the chance to sell to us, not just to support them with aid hand-outs. He referred to the opportunity given to Japan after the war to rehabilitate its economy in this way. It was wrong to regard some industries as the prerogative of developed countries. It was now possible to have low cost labour in the highly developed industries, for example, the manufacture of television sets in Taiwan. Provision must be made for the supply of sophisticated technology to the Third World to allow it to develop.

Another American participant referred to the U.S. Trade Act. American concerns in it had been more related to the EEC countries. The bill was under discussion during the period of difficulty about sugar prices which raised the question of supply of commodities generally. He reiterated that Canada was not seen as a problem, that no protection or retaliation against Canada had been implied. Yet another American participant stated that he had opposed the Trade Act as it affected free trade. It resulted from the constrictions of the economic depression in the United States, the threat to American manufacturers, like U.S.

shoe and car factories for example. A fellow American noted that the U.S. trade position was strong, but the situation had become more competitive when the American dollar lost value. The incentives arising from the dollar position and cheap labour to set up business abroad had been reduced.

CONCLUSION

An American participant said that in his view there was a growing interest in a new order in international trade and relations. The rigidities of GATT should be broken down. He agreed that the less developed countries needed assurance of access to markets for goods produced as a result of the supply of technology to them. But all countries needed access to global scarcities. The U.S. with 6% of world population consumed 35% of world resources. These resources were not inexhaustible and the less developed countries now knew it. They would increasingly demand a role in trade talks. This could be a serious political problem. He felt that Canada could provide real leadership in this matter. The United States was still preoccupied with spheres of power. It was not as sympathetic to the aspirations of the less developed countries and this reduced the ability of American negotiators to respond. On the Trade Act he referred to the provisions relating to dislocation in industry resulting from obsolescence. Trade adjustment provisions in the bill would permit a more liberal treatment. The unions were, however, cynical about this. It was "burial assistance" in their view.

A Canadian participant noted that Canada too has subsidies to assist in reconstruction of industry to meet manufacturing changes. Another Canadian concluded the discussion of the protection of manufactured markets. He explained the example of the Canadian textile industry in which Canada recognized protection would not be possible and other methods like retraining, early pensions, etc., had been sought to meet the consequences of foreign competition in this field.

PROBLEMS OF INFLATION AND RECESSION

A member of the Canadian group led off the discussion of this topic. He based his comments on the American situation, but they were relevant to Canada as well. Governments claimed to accept Keynesian economics, but did not act as if they did. In the main, short-term decisions were taken whose cumulative effect was over-reaction to correct economic difficulties. One of the problems for the United States in developing measures to combat the effects of the recession was the slowness of the United States to recognize that a crisis really did exist. As a result, there was such a time lag before measures could take effect that it was likely the U.S. economy would right itself without them. In his opinion the seeds had already been planted for the next recession because the measures taken to cope with the current recession would impede the expansion of the economy which was already recovering. Canada would find herself in the same position because of the close ties to American monetary policy. He suggested that it would be good for parliamentarians on both sides to look closely at the forecasting techniques on which these short-term legislative solutions were based. In his experience they were always bad, and had been consistently wrong. This was an

important topic for discussion, a topic which did not involve political ideology.

An American replied that the measures to meet the economic situation in the United States were tied to the international situation on oil and commodities and to the high unemployment rate. Congressional committees were inhibited in their action by a five-year planning requirement. But they were beginning to appreciate the urgent need to take long-range forecast data into account. Another American said that economists do not understand politics. It is hard for politicians to follow through with hard economic decisions.

A Canadian participant thought that the root of the problem lay in planning a limit of spending. Canada was trapped by its social and support systems.

THE "AD HOC" COMMITTEE ON BROADCASTING RELATIONS

Participants:

Representative Dante Fascell, Chairman
 Senator George van Roggen
 Senator Charles McElman
 Mr. Robert Kaplan, M.P.
 Mr. J. R. Comtois, M.P.
 Mr. Stuart Leggatt, M.P.
 Mr. Frank Oberle, M.P.
 Senator Patrick Leahy
 Rep. Lloyd Meeds
 Rep. Robert McEwen

While the American delegates interested in broadcasting were grouped in the Committee on Trans-Border Problems, the interested Canadians, treating it more as an economic question, were mainly in the Committee on Trade, Investment and Economic Affairs. A special meeting was arranged during the breakfast period on Saturday so that the two groups could get together on the subject of broadcasting.

The American side expressed its concern in regard to two aspects of Canadian broadcasting policy which had an impact on U.S. interests: a) the Canadian government's policy as revealed in recently introduced legislation, to disallow tax deduction on advertising by Canadians on U.S. television stations, and, b) the C.R.T.C.'s decision which required deletion from Canadian cable transmission of commercials originating in U.S. stations across the border.

The main discussion at the meeting centred on the cable deletion issue.

An American delegate stated that the commercial message was an integral part of a T.V. programme, which the advertiser had bought in its entirety. The Canadian deletion of the commercial and substitution of a Canadian-sold commercial during the programme constituted "piracy" and an infringement under international law of property rights.

A Canadian delegate responded that he doubted whether an infringement under property law was involved. Once a signal is emitted, it may well lose property rights. The C.R.T.C.'s policy is at present being challenged in the courts. A Buffalo station put the question to litigation and

the Federal Court of Canada ruled in favour of the deletion. An appeal is now before the Supreme Court.

The Canadian delegate expressed the opinion that copyright law was not infringed upon by cable deletion as long as the programme being transmitted was transmitted live, without taping for playing later. Further, he said that no property rights were involved in cable deletions of commercials since, in the Canadian view, the property that advertisers were buying was "audience", not the programme in its entirety.

It became clear that not all the Canadians supported commercial deletion, but several Canadians elaborated on the Canadian policy which they said was directed to solving fundamental economic problems faced by Canadian television stations and networks in the North American context. Eighty per cent of the Canadian population lives within 100 miles of the U.S. border and risk being swamped by nearby U.S. signals. Of particular concern were the number of American television stations that have been established and licensed near the Canadian border, whose audience is predominantly Canadian and whose objective is obviously a penetration of the Canadian advertising market. A large proportion of the commercials in these U.S. programmes are paid for by Canadian enterprises, which means taking across the border advertising dollars which the competing Canadian stations need to remain viable. The C.R.T.C. believes its commercial deletion policy will help keep this advertising in Canada.

An American delegate voiced his concern that if such a policy were persisted in, it might result in retaliation. If the commercials were found to be an integral part of the programme and the cable companies are prohibited from carrying any part of the programme when the commercial was deleted, this could result in U.S. retaliation and loss to the American audiences of such popular Canadian programmes as "Hockey Night in Canada".

Both sides agreed that the principle of the free flow of information across the border should not be tampered with.

The United States side said that it did not object to fair competition but that Canadian cable systems take the U.S. programme out of the air, paying nothing for it, deleting the commercial and selling the time to a Canadian advertiser. For its part, the F.C.C. did not allow the U.S. cable system to alter the Canadian T.V. stations programmes which they distributed. The American side considered that their signals should be treated similarly across the border.

In response, the Canadian delegation pointed out that the disparity of the two countries presented Canada with the vital need to ensure the existence of a separate Canadian broadcasting system. They assured the Americans that cable television systems themselves were not selling replacement commercial messages. It was Canadian T.V. stations which could sell the substitution commercials. The Canadian side emphasized that the United States stations were not licensed to serve Canada but that this was what some of them were attempting to do.

It was pointed out by the Canadians that the commercial deletion policy is implemented not solely against American border stations but is also promoted within Canada as well

in order to protect the economic viability of small local stations from the competition of the more powerful stations in larger Canadian centers. Further, it was the Canadian understanding that such a policy was being implemented by American authorities in the United States, e.g., in Buck's County, Pennsylvania, in order to protect local stations.

The American side said it understood that the Canadian policy was mandatory if a cable television company wished to have its licence renewed. The Canadian side disagreed and gave instances where licences had been renewed in competitive border areas despite no commercial deletion.*

Both sides agreed the discussion had been informative though no consensus had been reached. Several delegates agreed that further international complications could ensue in connection with commercials included in programmes coming from satellite transmission systems.

'AD HOC' COMMITTEE MEETING ON DEFENCE
PRODUCTION SHARING—SATURDAY, APRIL 26

Among Participants:

Senator John Culver, Chairman
Rep. Cardiss Collins
Rep. Samuel Gibbons
Hon. M. O'Connell, M.P.
Mr. H. Breau, M.P.
Mr. David MacDonald, M.P.
Mr. Donald Munro, M.P.
Mr. R. Daudlin, M.P.

At the request of an American participant, a special meeting was held over breakfast to discuss the need for coordinated defence procurement within the European Theatre of NATO. He cited a recent U.S. study which estimated that the annual excess cost from short runs of defence equipment was costing up to \$20 billion annually. There were further military consequences, as a result of incompatible ammunition and the lack of interchangeability of spare parts. The same study pointed to the Canada-U.S. defence production sharing agreements as a model for Europe, although it was recognized that Canada's position differed from that of several European allies in that it had no capability to produce independently a separate weapons system.

MEETING OF CO-CHAIRMEN—A POST-MORTEM

Following the plenary meeting, the Co-Chairmen held a session to review the new arrangements for holding the annual group meeting and to consider plans for the next meeting in the United States.

It was agreed that holding the meeting away from capitals and beginning Thursday evening produced much better attendance at the meeting.

It was agreed that arranging three committees with reports from each committee to plenary provided the right combination of well-focussed discussion and general exposure to the full range of problems. Specific issues raised at

* There appear to be grounds for both points of view since in certain regional cases the C.R.T.C. required—the commercial deletion as a condition of re-licensing, whereas in other cases it was a matter of promoting and encouraging the policy.

the meeting could be handled in 'ad hoc' sessions, particularly over breakfast. In future, reports to plenary of committee discussion should hit highlights only and be designed to stimulate general discussion.

It was felt that the social programme might have been cut back even further. A suggestion was made that a dinner meeting might involve inviting two or three panelists to discuss a current issue of concern to the legislators of both countries, but not necessarily one involving Canadian-American relations.

Approval was expressed of the practice of inviting spouses to attend meetings as observers. It was suggested

that the panel discussion would also be of interest to spouses.

The Co-Chairmen were urged to meet in good time before the next meeting to decide on the agenda. It was agreed that the background statistics and maps were a helpful aid to discussion. It was suggested, however, that at the next meeting the discussion in each committee might be more structured with participants on both sides designated to lead off on specified topics. This would require preparing more detailed agenda for each committee.

THE SENATE

Wednesday, July 9, 1975

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of a document setting forth the Canadian position with respect to Conventions and Recommendations adopted at the 58th Session of the International Labour Conference, held at Geneva in June 1973.

THE SENATE

UNIFORMS OF PROTECTIVE STAFF—QUESTION

Senator Argue: Honourable senators, I do not know if this is a proper question for the Leader of the Government, but I would draw to his attention, and to the attention of the Senate, that the members of our protective staff are wearing their winter uniforms. In view of the high temperatures prevailing recently, this is rather inhumane treatment. Would the Leader of the Government look into this matter and ascertain whether the members of the protective staff may be allowed to wear their summer uniforms?

Senator Perrault: I appreciate the question which has been posed by the honourable senator. I can inform the Senate that yesterday morning I directed an inquiry pointing out some of the humanitarian problems posed by current heat in Eastern Canada.

Senator Argue: But I see that they are still in their winter uniforms.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT, NO. 2

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Gildas L. Molgat moved the second reading of Bill C-53, to amend the Prairie Grain Advance Payments Act, No. 2.

He said: Honourable senators, Bill C-53 is an amendment to an original act which was passed in 1967. The purpose of that act was to provide for an advance payment to farmers in the area within the Canadian Wheat Board region, principally in the Prairie provinces, in the event that they could not deliver their grain to the elevator system. The reason for that was that at that time production was in excess of sales and there was a heavy carryover. Because of the system under the Wheat Board, the farmers in that region could not sell their grain in any other manner. Under the Wheat Board provisions they were obligated to sell only within their own provinces; they could not cross provincial boundaries. Since then there have been amendments allowing for sales through-

out the West, but they are still not able to sell outside that region, and as a result they were not able to deliver in many cases. They were under quotas as to the amounts they could deliver. They could not get cash into their hands and they could not sell the grain outside their region, though in certain cases they could sell it to other farmers or to feed mills. Obviously, this was a limited market. Hence the system of advance payment was created, and farmers could borrow against grain that they had produced and had in store on the farm. Subsequent amendments to the act increased the amount of advance that they could obtain.

● (1410)

The advance is available only on three grains, namely, wheat, oats and barley. The present system is based on a percentage, which is 66 2/3 per cent of the initial price established for the grain itself. The advance payment is interest free, provided that the farmer delivers the grain to the elevator when he is called upon to do so, or when he is able to do so as a result of the quota being open. When he does that, the advance is deducted from the payment to the farmer and interest is not charged. If a farmer were to come forward and pay cash, then interest would be charged at 12 per cent.

Honourable senators, that is a general background of this legislation.

Bill C-53 contains three basic elements, following an improvement introduced in March of this year by an amendment which increased to \$15,000 per year per farmer the total amount available by way of advance. This bill provides for two specific increases. One deals with an advance to finance the drying of damp or tough grain. Under an order in council, the government can provide by regulation for this advance payment when it is recognized that there is a serious problem with damp grain as a result of fall rains or unseasonable snows. When the grain is harvested and is too damp for storage or for sale, an advance payment can be made to finance the drying of the grain. The amendment increases the advance payment for this purpose from 10 cents a bushel to 25 cents a bushel, and increases the maximum from \$600 to \$1,500.

The second specific increase is in the amount of the advance payment in circumstances where the grain cannot be harvested at all and is left unthreshed in the fields. That has occurred on a number of occasions when, because of very early snows, the grain is left over the winter months and is not threshed until the spring. In such cases the maximum advance payment is increased from \$3,000 to \$7,500. This follows the amendment introduced in March increasing the total maximum advance payments to \$15,000 per permit holder.

Another amendment is the result of an alteration in a provision permitting farmers to sell what is called "off board". The alteration occurred approximately two years

ago, and provided that farmers could sell feed grains off board through the elevator system on, basically, an open market. Under the original act, however, when a farmer obtained an advance through the Wheat Board, he undertook to deliver grain to the elevator to cover that advance, and the payment then was to be made by deduction from his cheque. In certain cases now the wheat, or the grain, would not be delivered to the Wheat Board but would be delivered to an elevator system for sale outside the Wheat Board. A change in the law was required to make sure that payment could be made to the Wheat Board on delivery of that grain, even though it is not delivered for Wheat Board purposes.

So, the amendment provides that this can be done, and it will simply mean that whether the farmer delivers to the Wheat Board or for Wheat Board use or for off board use, the payment can be made legitimately to the Wheat Board to cover the indebtedness. There will be no change insofar as the interest is concerned. Again interest will not be charged provided the payment is made in that way at that time through an elevator system recognized and licensed by the Wheat Board.

These amendments are intended to fit the new system of marketing of feed grains in Western Canada, and to bring up the whole system of advances to a more realistic figure under present cost conditions in farming in the Wheat Board region in the West. I commend the bill to you.

Senator Yuzyk: Honourable senators, some of the bills that come to this house from the other place have explanatory notes attached, and some do not. This particular bill does not have any explanatory notes, and I think it has been pointed out on previous occasions that it would be most helpful to us in this chamber if we had explanatory notes covering revisions in legislation. As one Manitoban to another, or perhaps to use a broader term, as one plainsman to another, I move the adjournment of this debate.

Senator Molgat: Honourable senators, there may be some misunderstanding involved here, but the copy of the bill that I have does have explanatory notes.

Senator Yuzyk: Honourable senators, I notice that I have a copy of the first reading of the bill in the other house, and it does contain explanatory notes. But the copy I have as passed by the other house on July 8, 1975, does not include these explanatory notes. We can always refer to the first reading copy, but I think there should be some consistency in this matter, and when legislation comes to us from the other place it should come in its entirety.

Senator Manning: Before the debate is adjourned, would the sponsor permit me to ask a question?

Senator Molgat: Yes. I shall be happy to provide the answer if I can, and if I cannot, then the answer can be obtained later.

Senator Manning: Why is it provided in this bill that it shall come into force on proclamation rather than on royal assent?

Senator Molgat: Honourable senators, I cannot guarantee that my answer is correct, but I believe that it is connected with the bill which was passed in March increasing the maximum advance payment to \$15,000 per

permit holder. That was passed after the beginning of the crop year and after certain loans and advances had been made. The result was that that legislation was not proclaimed. The increase in that legislation from \$6,000 to \$15,000 was passed by both houses and forms part of an act not yet proclaimed. I understand it is the intention to proclaim this bill in conjunction with the other. I presume that is the reason for doing it in this way, and I understand that it is the expectation, provided that this house agrees and that royal assent is given, that it would take effect at the beginning of the next crop year, which is August 1.

Senator Buckwold: Honourable senators, I wonder if I might ask a question of the sponsor. If it cannot be answered now, perhaps the answer could be made available later. Since this act has been in operation for some time, would the mover of the bill be able to provide us with statistics as to any losses that have been incurred, what amounts are outstanding and the general financial record of the transactions that have taken place?

● (1420)

Senator Molgat: Yes, I will be very happy to provide that information in complete detail. I can in summary reply to Senator Buckwold by telling him that the record of repayment has been nothing short of phenomenal, being 99.99 per cent. At present there is outstanding some \$16 million out of total advances during the year of something in the order of \$40 million. The \$16 million outstanding is presumably with respect to grain not yet delivered, but the overall record is very good and I will be happy to provide accurate figures to the house.

On motion of Senator Yuzyk, debate adjourned.

CRIMINAL CODE (COMMUTATION OF DEATH SENTENCE)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion, in amendment, of the Honourable Senator Neiman, seconded by the Honourable Senator Norrie, to the motion of the Honourable Senator Robichaud, P.C., seconded by the Honourable Senator Eudes, for the second reading of the Bill S-21, intituled: "An Act to amend the Criminal Code (commutation of death sentence)".—(*Honourable Senator Flynn, P.C.*).

Senator Flynn: Honourable senators, the adjournment of the debate stands in my name with respect to the amendment moved by Senator Neiman to refer the bill to committee. The only reason I stood this item was that I did not wish this bill to be referred to committee if the Senate were to make a decision with respect to the bill presented by Senator Argue favouring total abolition of the death sentence. If such a decision were made it would be useless to refer this bill, presented by Senator Robichaud, to committee. I had hoped that Senator Prowse, who is present today, would resume the debate on the bill presented by Senator Argue. It seems to me that a decision must be made with respect to Bill S-23 before we deal with the bill presented by Senator Robichaud. For this reason, I

intend to stand this item. I hope that Senator Prowse will proceed with Bill S-23 at the next sitting.

Order stands.

THE ECONOMY

DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Lamontagne, P.C., calling the attention of the Senate to the state of the Canadian economy.—
(Honourable Senator McDonald).

Senator McDonald: Honourable senators, a few days ago when I adjourned this debate I did so on the understanding that perhaps some honourable senators would be interested in taking part in it. However, many senators with whom I have spoken seem to be of the opinion that because of the fact that a budget debate has taken place in the other place this debate is outdated. If no other honourable senator wishes to speak on this particular matter, I have no desire to do so and propose that it be removed from the Order Paper.

Senator Flynn: Perhaps it would be a good idea for Senator Lamontagne to give us his reaction to the budget, and compare it with his proposals.

Senator Lamontagne: It is a good budget.

The Hon. the Speaker: As no other honourable senator wishes to participate in the debate, this inquiry is considered as having been debated.

FORESTRY

DEVASTATION OF FORESTS OF EASTERN CANADA BY THE SPRUCE BUDWORM—DEBATE ADJOURNED

Hon. G. Percival Burchill rose pursuant to notice:

That he will call the attention of the Senate to acceleration in the devastation of the forests of Eastern Canada and adjoining areas by the ravages of the spruce budworm.

He said: Honourable senators, we are shortly to conclude a very active and busy session. In the years I have spent in this house, I do not recall any session when so much legislation has been introduced in the Senate or come from the other place. We have dealt with a great variety of important matters, and our committees have been constantly active with a heavy workload. It has indeed been a busy session.

Some of the matters dealt with have concerned international relations while others have concerned the domestic well-being of this country, but none is as important to my own province of New Brunswick, or the adjoining areas, as the matter I intend to introduce this afternoon.

I refer to the destruction of the spruce and balsam forests of Eastern Canada by the spruce budworm, a matter which I consider to be so serious that I have prepared a paper, which I intend to read, covering the salient points of the situation. This is a matter of great importance to all Canadians. The battle with the spruce budworm has been waged in New Brunswick for the past

[Senator Flynn.]

20 years, and this year has seen the worst infestation in the history of the province. I have been induced to bring this matter to the attention of the Senate because of the widespread intensity of the infestation. While motoring across the province two weeks ago, I was shocked by the appearance of the spruce trees bordering the highways. They are infested with the budworm.

I have also been induced to alert the Senate to the current situation by headlines which have appeared in the press. One in the *Ottawa Journal* reads: "No Dollars Left for Budworm Spraying;" while another, in the *Fredericton Gleaner*, says: "Budworm Spraying will be Reduced;" and yet another, in the *Saint John Telegraph-Journal*, reads: "New Brunswick Paying the Shot. No Ottawa Help."

My first contact with the budworm was in 1915 when it appeared on timberland on which our firm was operating. Dr. Webb, Director of the Maritime Forest Research Centre in the Canadian Forestry Service, in an excellent paper prepared in 1972 and read at the University of Maine, said, "From then until the present it has been a very compelling problem."

Honourable senators, when we think of trees, we think of New Brunswick because 85 per cent of the province's 28,000 square miles is forested, and, with the exception of British Columbia, no province in Canada relies more heavily on its forest industry for its industrial life than does New Brunswick. The devastation by the budworm was largely responsible for the decline of our lumber industry, and if not checked or controlled it will cripple the pulp and paper industry. As you know, spruce fibre is the life blood of the pulp and paper industry. It is estimated that 250 million cords of wood have been destroyed since 1909.

I refer again to Dr. Webb's paper, in which he said:

This insect has been studied about as extensively as any insect in history. Some of the most sophisticated analyses ever made of a natural field population have been applied to the budworm and we still cannot explain with certainty how outbreaks are controlled in nature.

Scientists and pathologists have been continuously experimenting with measures and strategies to control the insect but to date have not made any appreciable progress. A considerable amount of research effort has also been made by the Canadian Forestry Service and the Canadian Pulp and Paper Association. The forests of the State of Maine and the Eastern seaboard of the United States have also been affected. I noticed a press dispatch in the *Globe and Mail* of June 21 which contained the suggestion by Mr. C. Raymond Haley, President of the Oxford Paper Division of Ethyl Corporation of Richmond, Virginia, to the effect that a joint United States-Canada attack on the spruce budworm be made to save 124 million acres of trees threatened by the insect in both countries.

● (1430)

With no assured permanent control in sight, the only alternative, as an emergency measure, has been to apply insecticides from the air. In 1953 a consortium, Forest Protection Limited, was formed for the purpose of spraying the affected areas. The consortium consisted of the provincial government and the pulp and paper companies

of the province. "The federal government was a partner at the outset, contributing one-third of the cost, with the provincial government contributing one-third, and private industry one-third. This arrangement continued until 1967. From 1967 to 1972, the federal government declined to pay anything. In 1973 it resumed payment on the basis of a different formula, which amounted to about one-third of the former cost, and the same in 1974. In 1975, it has again declined to contribute towards the cost.

The only construction I can put on that refusal, honourable senators, is that the Department of the Environment simply does not know about what is taking place. I cannot think of any other construction to put on it. If representatives of the federal government came down to the province of New Brunswick today and went through the forest areas—and I do not care which section they go through—they would see the damage that is taking place. I just cannot understand why it will not contribute to the cost of spraying, which is the only way known today of checking the devastation and salvaging our forest areas.

One of the difficulties with spraying is the damaging side effects of the chemical used. DDT was used until 1968, but it was proven to be a killer of young fish and fish food. Another insecticide was selected by the Chemical Control Research Institute of Canada, a division of the federal Department of the Environment, and this chemical is called fenitrothion. Dr. Webb said of it in his paper, that while it is not entirely blameless, it is certainly less of a menace than DDT. Dr. Barney Fleiger, Manager of Forest Protection Limited, tells us that 24 planes are being used, flying about two and a half hours each day, and three ounces of the active ingredient is applied to the acre.

The use of stronger insecticides arouses criticism from many sources. There is a case now before the courts instituted by Bridges Brothers, a firm in St. Stephen, which is suing Forest Protection Limited for allegedly damaging their blueberry crop in 1970.

That great industrialist of New Brunswick, K.C. Irving, who not only uses the forests but is a great lover of the forests, has done a tremendous job in reforestation. This year he has planted his sixty millionth seedling but, according to the newspapers, he has commented that the chemical used to spray last year was "about as effective as dishwater." There you have the two sides to the story.

While this year the federal government is not paying a share of the cost of spraying, the Canadian Forestry Service does a technical assessment of the spruce budworm population by counting the insects at 1,000 points across the province, and designating the time of spraying and areas to be sprayed. However, in spite of all the efforts, this year we are in the midst of the widest infestation in the history of the province.

On Saturday last I took a trip on a forest road to a fishing pool. I tell you, honourable senators, that the appearance of the trees on that forest road was a sad sight. All were dead or dying. If the budworm infestation is not controlled or checked the pulp and paper industry in the East is, to say the least, threatened.

The spraying season in 1975 has now ended, and this session of Parliament will soon recess for the summer, so there is no time or opportunity to do anything now. How-

ever, it is my intention, when the session is resumed in the fall, to continue this crusade and move that a committee be appointed by this chamber to conduct a thorough investigation into all phases of the situation, with the object of making recommendations that will bring about an all-out attack on this destroying insect by all our forces—scientists, plant pathologists, federal and provincial governments and private industry. To do what? To save a vital Canadian resource, our Eastern forests, so that we may continue to sing, and mean it, "O Canada, we stand on guard for thee!"

Senator Inman: May I ask the honourable senator a question? What are the first signs of the budworm in the trees?

Senator Burchill: The top of the tree is affected first, and then the infestation comes down so that the branches die.

Senator Inman: The tree does not change colour?

Senator Burchill: It turns brown.

Hon. Charles McElman: Honourable senators, I rise to support Senator Burchill in drawing to the attention of Parliament and Canadians the disaster that is occurring in the eastern part of Canada. It can only be termed a disaster. The Atlantic provinces are now affected. The province of Quebec is beginning to suffer very seriously. The northern part of the State of Maine, through which I travelled this past weekend, is in a serious state. Northern Ontario is beginning to see some of the spruce budworm infestation. However, I think that New Brunswick, of all jurisdictions, is at this point in time in the most serious condition.

In New Brunswick we have ten pulp and paper mills, and scores of sawmills and planing mills. The products of the forests are the most important element of the whole economy of New Brunswick. The greatest single employer in New Brunswick is the forest industry, for which many thousands of people work directly, and thousands of others indirectly earn their livelihood from it. As Senator Burchill has said, the total area of New Brunswick is about 28,000 square miles, and 87 per cent of this is forest land. Of that total, 70 per cent of the forested area is coniferous forest. For the most part it is balsam fir, and a close second is spruce, of many species.

● (1440)

Honourable senators, the "little beastie" we are concerned with now is named the spruce budworm, but it hits first the balsam fir, which is the best product we have—in the number of trees, at least. I feel safe in predicting that by this time next year 50 per cent of the coniferous forest of New Brunswick will be dead, and a large additional segment of it will be dying.

I do not know what the answer is. Spraying has been going on since 1952. I was associated with the Government of New Brunswick in the Premier's Office in 1951 when the first tripartite financing arrangement was made, as Senator Burchill said. Under that arrangement the federal government, the provincial government and the forest industries, shared on a three-way basis the cost of the spraying program. The initial spraying was done with DDT, and at that time people were not as aware of the

threat to the ecology as they are today. It was an acceptable thing to do. We were not conscious then of what a highly dangerous chemical it was. Its effect, in carrying through the food train, was serious indeed; serious even to humans. It went a long way towards almost wiping out the Atlantic salmon runs on the East Coast. It did not affect the mature salmon greatly, but it had a disastrous effect upon the smolt, the fingerlings and the fry. In some areas, including branches of the famous Miramichi River, we had an almost total wipe-out of salmon smolt, and it has taken many years to recover from that.

DDT, as you know, gets into the bone system as well as the blood and, as the food train follows its way up the echelon, its implant in the structure becomes heavier and heavier. For example, in New Brunswick for a period of years we had to stop the shooting or cropping of woodcock, which is a prized game bird, because its total food supply is earthworms. The woodcock was not directly affected by DDT, but it became dreadfully affected by DDT through eating earthworms. Of course, humans were eating the woodcock and, being third in the food train, were poisoned by DDT. So we backed away from that in the spraying program.

We moved next to phosphamidon, and it was thought to be a safe insecticide. But we found out very quickly that it had disastrous effects on almost all bird life—not just affecting it but killing it. There was an immediate upsurge in insect life. We were killing the budworm, but we were also killing the birds that were helping to kill the budworm.

Honourable senators, I mention these points to illustrate that there is no easy solution. Every solution thus far has proved to be one of early good effects, and bad long term effects. Currently we are working with, I think, the fifth type of insecticide to be used in our spraying program. As Senator Burchill has said, Mr. K. C. Irving, who is the most advanced, thorough and effective person in forestry in the province of New Brunswick, suggested last year that as far as the usefulness of the sprays now in current use are concerned, we might just as well be using dishwater. I concur completely in that.

Last year the infestation took on new proportions, and the damage was severe. This year, after the very heavy spraying of many millions of acres, the damage is absolutely disastrous. The infestation broke out in the northern and northeastern parts of the province, and it gradually spread down through the whole province. Not only has it spread into Nova Scotia, but it has spread into Maine and Quebec. It now affects the whole of my province. During the last ten days I have driven approximately 150 miles to the northeast of Fredericton, and no matter where I turned the devastation was absolute. It is one of the saddest sights I have seen in New Brunswick. That great green forest is turning first red, then brown and when it reaches the grey—much of it is already grey—you know the forest is dead.

Senator Rowe: I wonder if Senator McElman would permit a question at this point. He spoke of this wholesale devastation. Is he referring wholly and entirely to the spruce budworm or is he including other pests in what he says? I was wondering about the woolly aphid which

[Senator McElman.]

caused such devastation to the forests of Newfoundland. Is that an infestation as well at this time?

Senator McElman: Not to the same degree, Senator Rowe. I am referring only at this point to infestation by the spruce budworm. It would seem that in Eastern Canada—I do not know about the rest of the continent—we are now acquiring a pest or a disease for every tree we have in the forest. The great elms of Eastern Canada over the last 15 years have been stricken by Dutch elm disease. My own city of Fredericton, the provincial capital, is known as the “city of stately elms.” Fredericton has acquired that title over the years because of its scores of thousands of elm trees. We lost about 25 per cent of our elm trees to that disease. Fortunately methods were found to combat it rather effectively, and I think we have it beaten.

In the past five years we have discovered another little weevil, or bug, that is attacking the maple and the various types of birch. The disease is commonly referred to as birch dieback or maple dieback. The attack comes first at the crown of the tree, and works its way down. A good part of the hardwood forest is now dying. Another worm is attacking the white pine, and other species of pine. To the best of my knowledge, the only trees of any commercial significance in Eastern Canada today that are not affected by an infestation of some type or another are the hemlock and the tamarack, both of which are rather secondary in the forest products field. However, that is aside from the point raised by Senator Burchill, with respect to the spruce budworm.

• (1450)

I spoke of travelling to the northeastern part of the province and the dreadful devastation by the budworm that I saw in that area. I also travelled 75 miles to the south of Fredericton. The picture there is exactly the same. During the past weekend, I drove 75 miles northwest of Fredericton, and again the picture is identical. All the forest is turning red and brown, which means that next year it will be grey—dead. I went 300 miles south in the State of Maine. The first 100 to 125 miles showed exactly the same picture.

Senator Burchill is quite correct in suggesting that when we return in the fall we should prosecute this matter to the limit. The federal authority at this point in time can do nothing. They were most shortsighted in not participating in the cost of the spraying program this year. However, they should be given full marks for the tremendous amount of scientific research they have done. They have allocated great resources, not only in terms of dollars but in terms of human resources, in trying to find a truly effective remedy, but, nonetheless, it was most shortsighted of them this year to have withdrawn from the program.

It seems to me that, although the provinces have the initial responsibility for protecting their forests, the federal authority does draw revenue from the forest industries and thus should share some of the responsibilities. As I said, we have ten pulp and paper mills in the province of New Brunswick, and the federal government draws tremendous amounts of money from those forest industries by way of corporation income tax. It seems only proper and appropriate, therefore, that the federal government, in a disastrous situation of this kind, should spend a large

part of that money to help fight the attack being made upon our forests by the spruce budworm.

Although, as I have said, the primary responsibility for the protection of the forests lies with each province concerned, the situation we face now is so widespread—covering five provinces as well as the State of Maine—that the responsibility can no longer be considered merely provincial. This is no longer merely an interprovincial or national matter; it has become an international matter in its scope. Surely the various governmental authorities should now come together to determine the best means of combatting this outbreak.

There is one other suggestion, and one only, that I should like to make at this time. In my opinion, rather than standing idly by watching tremendous reserves of forest products go to waste over the next year, the federal and provincial governments should reach some agreement on the immediate cropping of the affected areas. During the next year the greater part of the affected area could be cropped for mature wood for the long lumber industry—the planing mill industry. This could be of tremendous benefit, because we are expecting an upturn in the residential housing industry, with a consequent improvement in the market for lumber. I stress that we have one year in which to obtain the long lumber from the infested area. Beyond that, we can forget about long lumber. On the other hand, we have two years in which to crop the infested areas for pulpwood. If these areas are cropped and the wood is stockpiled, the wood will last. If the trees are left standing in the forests, they will simply rot.

For these reasons it seems obvious to me that the federal authority should at this point in time act as a co-ordinating authority to get the fullest and best use from this product before the rot sets in. We should begin stockpiling the wood. Since the provinces are not in a position to do so, the federal authority should provide the financial resources to enable the stockpiling of this product, both for long lumber and for pulpwood, so that there will not be the tremendous waste that will otherwise occur.

I join Senator Burchill in stressing that there is need for action—immediate action—both for the short term and the longer term. In the longer term, if this infestation is permitted to run its course—as some ecologists suggest should happen—the consequences will be terrible. In New Brunswick we have ten pulp and paper mills, and scores of sawmills and planing mills, which employ thousands upon thousands of workers. Within three years those workers will be sitting on their duffs drawing welfare, and the federal government will pay the shot in any event.

Hon. Henry D. Hicks: Honourable senators, I should like to associate myself with Senator Burchill in calling attention to this important problem which, as we have heard from what both he and Senator McElman have said, is by no means limited to the damage being done in the province of New Brunswick. The infestation has already spread, and is continuing to spread, to adjacent areas.

It is a good many years since my own family was in the lumber business, but for more than 25 years now I have been going regularly into the woods of New Brunswick—into an area which I suspect is not far from the area referred to by Senator Burchill and Senator McElman. Over that time I have observed the spraying of DDT. That

insecticide seemed at first to be the answer for controlling the spruce budworm but, as has been related to us, unhappily it had adverse side effects on the salmon stocks and stocks of other small fish. As Senator McElman pointed out, through its indirect effects DDT is dangerous to birds and other species of wildlife.

While it is regrettable that the federal government has this year withdrawn from the co-operative arrangement for spraying, nevertheless, there is still a great deal to be learned about the medium-term, and certainly the long-term, effectiveness of spraying as against other methods of control. Therefore, we should urge the federal authorities to give leadership in preserving this great natural resource which is certainly being threatened—and which may be threatened truly disastrously—by the spruce budworm infestations.

Surely in the areas of research and co-ordination among the provinces and the industrial users of the forests of our country, the federal government can give necessary and effective leadership. This is a serious matter, and we should give our whole attention to it in order to find a solution. It certainly appears from what has been said here this afternoon, and from what many other honourable senators know from their own experience, that we do not have much time left to deal with the problem. A delay of a few years may allow our forest resources to be damaged to such an extent that it will take generations to overcome.

I hope we will not be found wanting in giving of our attention to, or in the allocation of the necessary resources to deal with, this distressing matter.

Hon. Frederick William Rowe: Honourable senators, I too should like to support the points which have been made here today, and I congratulate Senator Burchill on taking the initiative in this matter. The first time I ever heard Senator Burchill speak in this chamber, which was about three and a half years ago, he was speaking on a matter of similar importance—the fate of the Atlantic salmon. I think it is rather interesting that we should hear him again today speaking on behalf of a great Canadian natural resource, and particularly, of course, a resource of Eastern Canada.

● (1500)

We have heard of the conditions that exist in New Brunswick as a result of this problem. As has been pointed out, it is not confined to that province, but affects other provinces as well. I have a little property in the country, about 25 miles from St. John's, which is, in a sense, a small wilderness. On that property, originally, were to be found about half the indigenous trees of Newfoundland. Over the years I have managed to acquire all the others, and so I do have, within the confines of a few acres, every tree that is indigenous to the island of Newfoundland, and possibly to the entire province, because I believe there is no tree that grows in Labrador that does not also grow on the island of Newfoundland. I have therefore seen, in a small way, the depredations that are being made by this pest.

I was very interested in what Senator McElman had to say when he was speaking about the budworm, and the damage it has caused. In addition to this, we have also suffered tremendous damage from the woolly aphid, which attacks our balsam firs, one of the two great paper-making trees of Canada—the other being the black spruce.

Here we have an interrelationship and an interaction of one problem with others. A few years ago the paper companies, and other responsible parties, discontinued using DDT, as pointed out by Senator Burchill, and started to use another chemical which they felt would be less harmful to other forms of life, especially birds and fish. This new insecticide was heavily used over certain areas of Newfoundland, and we were told by responsible persons—scientists, entomologists and others—that this insecticide was not going to do any harm to other forms of life in that province. I do not think they have ever conceded that it did harm, but I know from first-hand observation that the following year there was a tremendous decline in birdlife in Newfoundland.

I understand there is the problem of trying to control these dangerous infestations and, at the same time, protecting other forms of life. I happen to have a very good grove of mountain ash that is annually attacked by the saw-fly larvae which, overnight, can denude a tree, or a large portion of it. I found, over the years, that the one thing that could control that situation was DDT, and so routinely, two or three times during the summer, I would apply that chemical to those trees. We were then told we had to stop using DDT, for reasons that are well known, and another insecticide was recommended, which I used and which, according to my observations, the saw-fly larvae enjoyed so much that far from dying, they appeared to multiply. I almost lost my mountain ash. I have now found a cure for this pest, but I will not go into that now.

The point that Senator McElman made is one which I think needs to be kept in mind. Apparently every one of our major species of trees is being attacked in one way or another. The birch in Newfoundland has been attacked in recent years, for example, and I dare say this infestation was there a hundred years ago. What Senator McElman calls a tamarack we call locally a juniper, which I take is the same as our larch. I feel sure the tamarack Senator McElman was speaking of is the larch. However, the larch is attacked routinely, and a few years ago most of the larch trees of Newfoundland were destroyed. As it happens, larch is not too important a commercial species at the present time, but none of these trees is valueless, and we cannot afford to lose large numbers of any kind of tree.

I therefore come to my main point, which of course has already been made by other speakers, that the problem we are concerned with here is a national one, and possibly even an international one. It is not one that a province like New Brunswick or Newfoundland can be expected to control by itself. It calls, as Senator Hicks has indicated, for the co-ordination of all our resources. We must pool our scientific knowledge of all kinds and set up programs of experimentation, and so on, because we are not dealing simply with the problem of the loss of the spruce or the fir; we are dealing with a multitude of problems which are all interrelated.

This is becoming increasingly serious because in Eastern Canada we are seeing a depletion of our other resources. Hardly a year goes by without one of our mines having to close down because it is depleted. All of these mines are finite. Some may last 20 or 30 years, but they are finite. Our fisheries are being depleted also. Whatever the reason may be, the point is that the fish are no longer

[Senator Rowe.]

there on the East Coast of Canada in the quantities we were accustomed to a few years ago. This affects the livelihood of tens of thousands, indeed hundreds of thousands, of people in Eastern Canada.

On the island of Newfoundland we have two of the largest paper mills in the world. One of them has already been shut down for several weeks this year because of market conditions and the economics of harvesting wood. In Newfoundland, every acre that is destroyed by the spruce budworm, the woolly aphid or any other insect or pest, means that the problem of converting wood into paper in a competitive way is intensified.

I therefore support what the previous speakers have said. This is not a provincial problem; this is something that calls for the co-ordination and application of all the resources of Canada.

Hon. Raymond J. Perrault: Honourable senators, I would just say that the house should be made aware of the fact that the spruce budworm is extremely liberal, with a small "l", in its choice of provinces, and that it is just as much a problem on the West Coast as it is on the East Coast. It is a very serious problem indeed.

Senator Grosart: It certainly is Liberal if it is a problem everywhere.

Senator Perrault: We expected that from the loyal Opposition.

I think Senator Burchill, Senator McElman, Senator Hicks and Senator Rowe have made a real contribution this afternoon in bringing the spruce budworm crisis to the attention of the government. I make this commitment: I shall make available to my Cabinet colleagues all of the worthwhile presentations made in the Senate this afternoon on this important subject. I do so with a special interest because I come from a province where more than 50 cents out of every dollar of the provincial wealth, directly or indirectly, comes from its forests. So I think I appreciate the deep concern expressed here this afternoon.

I shall certainly bring this matter to the attention of my colleagues in the Cabinet. I hope that something can be done.

Hon. Lorne Bonnell: Honourable senators, I would like to say a few words in support of Senator Burchill.

This year that most beautiful province of all, Prince Edward Island, has turned brown instead of green, because the spruce is a native tree there and somehow or other the spruce budworm got across the water to that province. I am scared to think that we are going to have no trees at all left in another two years.

Senator Flynn: Do not ask for a causeway, then.

Senator Bonnell: We will not ask for a causeway. All we want to do is try to keep the spruce budworm in New Brunswick, and out of Prince Edward Island. Nevertheless, it is over there.

In addition to losing our spruce forests, we are liable to lose our wildlife because it needs the forests for its protection. The grouse and pheasant, and all other wildlife in the province, are going to be affected by the damage that is being done. I sometimes wonder whether the new substances we spray on the roads in the winter—the chloride, and so on—are destroying the birds, and whether we are,

as a result, destroying the balance of nature. In any case, our province this year has gone brown. It is not brown from drought; it is brown from the spruce budworm.

I believe the Standing Senate Committee on Agriculture should take a trip to Eastern Canada, and see at first hand how serious the problem is. Perhaps there should be a federal-provincial conference of the ministers of agriculture on this matter which is of such great concern.

● (1510)

I congratulate Senator Burchill on bringing this to the attention of the Senate. I hope he has brought it to the attention of the nation, and to the attention of every ministry concerned with forestry across the country, and that they in turn will act to co-ordinate their policies in this regard immediately.

Senator Flynn: Honourable senators, might I ask the Leader of the Government in the Senate if he would inquire about a situation which I have observed in the province of Quebec? Perhaps I am misinformed, but I understand that the federal government had arranged for some spraying in Quebec, but after a while decided to stop. I understand that this happened in the spring. I do not know if this was due to a misunderstanding between the federal and provincial authorities or to a lack of co-operation, or something else of that nature, but I do know that some operations were originally conducted by the federal authorities and then were stopped in the early spring.

Senator Perrault: Honourable senators, it is my intention to endeavour to obtain a reply to that question, and to a number of others posed here this afternoon. If it is the wish of the Senate I shall prepare a report on the problem, which I shall give to the house, if possible, within a few days.

Hon. Louis-J. Robichaud: Honourable senators, for many years I have had a tremendous admiration for one of the senior members of this chamber, Senator Burchill, and this afternoon he gave me, and all of us, one further valid reason why we should continue to admire him for his courage and his energy.

This afternoon he brought to the attention of this house and, indeed, to the attention of the nation, a problem of great magnitude. Perhaps it is his modesty which influences him to suggest that perhaps we should wait until the fall to find a solution to this vast problem. In my view, if we were to wait until the fall, we would then be waiting much too long.

As was mentioned here this afternoon by Senator Burchill and others, the problem is really urgent because

every day, every hour—indeed, every minute—thousands of dollars' worth of trees are going down the drain in the eastern provinces of Canada, and in New Brunswick in particular, and we cannot continue to suffer such losses any longer. It is all very well to say that DDT damaged the ecology. It did, and spraying with DDT had to be stopped or practically stopped in the late 1960s.

At that time I was involved in the provincial government, and I remember that the industry itself was contributing one-third of the cost of budworm spraying, with the provincial government and the federal government each contributing one-third. The federal government decided to stop its part of the financing of this activity in the province of New Brunswick. I was furious, and came to Ottawa at the time to request the federal government to continue the spraying, but to no avail. For our own part, we continued with the spraying as much as possible. As was mentioned by Senator Burchill, we are now experiencing the worst year in history so far as budworm activity is concerned, and I for one am not willing to stand idly by and wait until the fall to find a solution to the problem.

I was delighted to hear the Leader of the Government in the Senate saying words to the effect that he will draw this to the attention of the government immediately. I hope he does so, honourable senators, because I say to him, as I say to you, that this is a most urgent problem. New Brunswick, Nova Scotia, Newfoundland, Prince Edward Island and Quebec cannot afford this loss. It is a loss that is taking place very day. As Senator Rowe mentioned, if I understood him correctly, this is a renewable resource as compared to resources such as minerals which are finite. But it is only renewable as long as our chemists and scientists find a solution to this problem, and the finding of this solution is very urgent.

I again commend Senator Burchill for having brought this to the attention of the Senate, but I would ask him to bear in mind that it is now that we have to take action; not in the fall. I welcome the fact that the leader is going to have discussions with members of the federal Cabinet, and I hope that he will be successful. If he is not, then this matter should be thoroughly debated in the Senate. Senator Bonnell had a good idea when he suggested that the Standing Senate Committee on Agriculture should visit the infested areas of these provinces. Even if it were just a short trip, it might help us to realize the importance and urgency of the problem.

On motion of Senator Michaud, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 10, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Guay (St. Boniface) had been substituted for that of Mr. Landers on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

AGRICULTURAL STABILIZATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-50, to amend the Agricultural Stabilization Act.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Monday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of Atomic Energy of Canada Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of a Report by the Minister of Agriculture on the First Session of the World Food Council, held in Rome, June 23-27, 1975, together with copies of statements made by the Minister at that Session.

Report of the Canadian Radio-Television Commission for the fiscal year ended March 31, 1975, pursuant to section 31 of the Broadcasting Act, Chapter B-11, R.S.C., 1970.

SCIENCE POLICY

FIRST REPORT OF SPECIAL SENATE COMMITTEE PRESENTED
AND PRINTED AS APPENDIX

Senator Lamontagne, Chairman of the Special Senate Committee on Science Policy, presented the first report of the committee and asked that it be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the*

Proceedings of the Senate of this day and form part of the permanent record of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(For text of report see appendix, pp. 1171-1173.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Lamontagne: Honourable senators, I wish to point out that members of the committee who were at the meeting this morning will note that the new terms of reference which the committee is seeking have been included in the report instead of being presented as a separate motion, so as to simplify procedure.

I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, July 14, at 8 o'clock in the evening.

● (1410)

Honourable senators, before the question is put, I should like to give a word of explanation. In moving the adjournment until Monday night at 8 o'clock, I have taken into consideration the legislation now before us and that which should reach us by Monday evening. We have received this afternoon Bill C-50, to amend the Agricultural Stabilization Act, and it is expected that when we return on Monday Bill C-8, to establish a national petroleum company, will also have reached us.

By Tuesday we should receive Bill C-66, to amend the Excise Tax Act. In addition to the foregoing, a number of committee meetings have been scheduled for next week. The Standing Senate Committee on Agriculture has scheduled a meeting for Tuesday at 10 a.m. The Standing Senate Committee on Banking, Trade and Commerce will continue its advance study of the bankruptcy bill on Wednesday morning at 9.30. The Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 11 a.m. Tuesday and at 3.30 p.m. on Wednesday and Thursday.

It is expected that the Special Joint Committee on Immigration Policy will meet on Tuesday and Thursday of next week at a time still to be determined. It is hoped, with this schedule of work in mind, that Parliament will be able to adjourn for the summer recess by Thursday evening next.

Senator Asselin: What about the coin bill?

Senator Langlois: Hopefully we will have it.

Senator Perrault: It is possible.

Senator Flynn: Honourable senators, I want to thank Senator Langlois for informing the Senate of what is expected of us next week, the last week of Parliament. He has mentioned only one bill that might come from the other place.

Senator Langlois: Two bills.

Senator Flynn: Two bills?

Senator Langlois: Bill C-8 and Bill C-66.

Senator Flynn: Bill C-8 and Bill C-66. I would like to know if there are any other bills the government considers must be passed before Parliament adjourns for the summer recess. If there are only these two bills, then we can expect the Senate will deal with them in time to adjourn for the summer recess next Thursday, as Senator Langlois has mentioned. But it seems to me that the order of business in the other place is much heavier than that. Of course, if the government is going to react to the Opposition as it did in the case of the Olympic "gold coin" bill, and withdraw a bill because someone objects to some aspect of it, then we could possibly adjourn as soon as next Tuesday. Therefore, I think it would be in the interests of the Senate to know the attitude of the government with regard to the other pieces of legislation which the President of the Privy Council considers must be passed before the summer recess can start.

Senator Perrault: Honourable senators, I want to assure the Leader of the Opposition that the schedule outlined by the Deputy Leader of the Government is tentative and based on estimates to this time. However, if it is demonstrated in the other place that a spirit of amity and goodwill prevails and that it is possible to obtain the kind of cooperation to expedite legislation clearly beneficial to all the people of Canada, then there may be other legislation coming from there to this place in the next few days—and it may well include the "gold coin" legislation.

Senator Flynn: Of course, with a few amendments and some cooperation on the part of the government, much legislation could be passed.

Senator Perrault: I simply wish to point out to the Leader of the Opposition that the debate in the other place with respect to the Olympic coins was really an exercise in Olympian endurance and there should be an effort to reach the finish line in record time.

Senator Flynn: Honourable senators, I do not think there is any call for Senator Perrault's getting all worked up. If the government refuses to proceed with legislation unless the Opposition is totally in agreement with every aspect of a bill, then what we have there is an abdication of responsibility. If the Opposition, here or in the other place, does not endeavour to improve legislation by criticizing it, which is its duty, then it is not worthwhile for Parliament to sit at any time of the year, either in January or in July.

Senator Perrault: The honourable Leader of the Opposition will agree, however, as one who has served with distinction in government, that at some point the majority opinion in this country must prevail.

Senator Asselin: Then why not take a vote?

Senator Flynn: Not when it means obtaining the consent of Parliament in a few hours with respect to any ill-prepared bills. And that has too often been the case since the beginning of this session.

Motion agreed to.

VICTORIA MEMORIAL MUSEUM

RUMOURED CHANGE OF NAME—QUESTION ANSWERED

Senator Perrault: Honourable senators, on June 10 of this year a question was asked in this house by the Honourable Senator Forsey with respect to the Victoria Memorial Museum. I have sought an opportunity to reply in the presence of Senator Forsey in the chamber. However, because of the possible approaching end of our activities prior to adjournment I feel I should answer this question today. The question was asked regarding the rumour of the removal of the word "Victoria" from the name of the museum at the foot of Melcalfe Street in this city of Ottawa. I would now like to offer the following explanation.

The term Victoria Memorial Museum is misleading in that no such museum now exists, but it can be used as a descriptive title for the building itself. Thus, for example, it can be said that the Victoria Memorial Museum Building now houses the National Museum of Man and the National Museum of Natural Sciences.

The title carved in stone on the building is not in the two official languages of the country, as is now the requirement when federal buildings are identified, but to remove it or to attempt its duplication in French would alter the architectural character of an historical structure. In the circumstances, it is proposed to leave the carved stone title without alteration, but to place adjacent to the building a national historic site marker giving in English and French the history of the building, a brief description of the use to which it is now put, and an explanation of the title.

As yet, there has been no opportunity to determine the feasibility of this plan by consultation with the National Historic Parks and Sites Branch and other authorities involved, so that the project remains at the proposal stage until this can be done.

I hope that this information will be to the satisfaction of Senator Forsey and other interested senators.

[Translation]

THE CANADIAN BROADCASTING CORPORATION

NEWSPAPER REPORT—PRIVILEGE

Senator Langlois: Honourable senators, before the orders of the day, I should like to raise a question of privilege.

In a report published in *La Presse* of Montreal dated June 27, 1975 on page D11, we find the following item entitled:

Senator Langlois denounces the CBC
in which I read the following paragraph:

While leaving the Senate, Mr. Langlois stated that the president of the central committee of the CNTU

was swearing like a trooper during a televised interview on the CBC.

I wish to point out to the house that I do not use such vocabulary. Perhaps Mr. Chartrand does, but I have never spoken such words.

● (1420)

[English]

UNITED NATIONS

CONFERENCE ON CRIME PREVENTION—STATUS OF PALESTINIAN LIBERATION ORGANIZATION AS PARTICIPANTS—QUESTION

Senator Manning: Honourable senators, I address a question to the Leader of the Government. A number of newspaper reports have indicated that the government seems to have some hesitation in banning from this country members of the international terrorist organization known as the Palestinian Liberation Organization (PLO) in connection with the forthcoming United Nations Conference on Crime Prevention in Toronto.

Will the leader tell us if this matter has been resolved, and what the government's position is?

Senator Perrault: Honourable senators, while it had been hoped that a statement on this important subject would be available from the government today, it is the government's intention to make known its position next week.

I can only say that this has been the subject of a great deal of discussion on the part of members of cabinet and of the government, and it is my considered view that the final decision made by the government will be to the satisfaction of the great majority of Canadians.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT, NO. 2

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Molgat for second reading of Bill C-53, to amend the Prairie Grain Advance Payments Act, No. 2.

Hon. Paul Yuzyk: Honourable senators, I cannot understand why the government has presented two bills dealing with essentially similar problems of farmers.

Last March, Bill C-10 was passed, providing an increase to the producer in advance payments in respect of grain to be delivered under a permit book. This legislation encourages farmers to sell through the Canadian Wheat Board, which was assigned the responsibility of administering this act. It should be noted that the original act was sponsored by the Diefenbaker government 18 years ago and has been popular with the farming population.

Bill C-53 is a further amendment to the original act and is in reality a follow-up of Bill C-10. The sponsor of the bill now before us, Senator Molgat, gave a lucid explanation of this new piece of legislation, for which I should like to commend him. He comes from a prosperous farming community in Manitoba and therefore has a thorough knowledge of the problems of agriculture as well as of the producer.

Hon. Senators: Hear, hear!

Senator Molgat: Thank you.

[Senator Langlois.]

Senator Yuzyk: This second amendment to the Prairie Grain Advance Payments Act embodied in Bill C-53 has two parts. First, it raises by two and a half times the maximum advance which a producer may obtain to finance the drying of tough or damp grain, or with respect to unthreshed grain—wheat, oats and barley. The maximum is set at the lesser of 25 cents per bushel or \$1,500 for the drying of grain, and \$7,500 for unthreshed grain.

The second part of the bill authorizes payment to the Wheat Board of a portion of the producer's receipts for grain delivered to a licensed elevator. The off-board sales would be credited to cover outstanding cash advances made by the Canadian Wheat Board.

Both of those amendments were endorsed by all parties in the other place.

As it did with respect to Bill C-10, the Opposition in the Senate welcomes and approves Bill C-53, regarding it as a good piece of legislation which will be of great benefit to farmers. It comes at the right time to be effective for the coming harvest, and will therefore be of use when it will be needed the most this year.

From the experience of past years, we know that the situation is especially aggravated in a harvest year when quotas are such that the grain cannot be delivered for drying, and farmers thus become short of cash. If the grain is not threshed, the farmer can lose most of his crop after it is covered by snow. If he proceeds to harvest the grain when it is damp, he can save the crop but he still has the problem of drying it, which is a costly proposition. With the former limit of 10 cents a bushel, it would not be possible to cover adequately the cost of drying damp grain, because the price of drying is constantly and rapidly increasing. The 25-cent limit per bushel extended to a maximum of \$1,500, as allowed in this bill will undoubtedly be appreciated by the farmers as will the maximum of \$7,500 for unthreshed grain, over which the farmer has no control because he is the unfortunate victim of weather conditions. I believe that these amendments will go a long way to help stabilize grain production on the Prairies.

In connection with the obvious benefits of this bill, some questions come to my mind. One is that if the producer can now pay his advance through deliveries of wheat, oats and barley, why can't this policy be extended to include rye, flax and rapeseed? Why shouldn't these grains come within the scope of this legislation with respect to advances on unthreshed grain and to finance the drying of damp grain? Has this problem not been raised by the producers?

And now some technical questions for the purpose of clarification. In the fifth line of clause 5, which amends section 11(1), it states:

—manager or operator of an elevator authorized to purchase grain for the Board or other person receiving delivery of the grain—

Are these elevators not authorized to purchase grain for the board? Who is the "other person receiving delivery of the grain," if it is not an elevator? In a few lines further on, new words are added twice to the present act, as follows: "... payment, as the case may be." Why the insertion of this phrase? Is this a legalistic precision which I do not understand?

Next, a question regarding the maximum cash advance for any individual. Does the \$15,000 maximum include the \$7,500 for unthreshed grain and the \$1,500 for drying costs? Are these advances supplied by the Canadian Wheat Board or by the government? Who pays the defaults and the interest charges?

I have posed a number of questions and could ask others, particularly about wheat sales and prices. I believe that it would be useful to refer the bill to committee where a senior official of the department responsible for the Canadian Wheat Board should be present to give explanations.

We on the Opposition side give full approval to Bill C-53 and will vote for its passage after due consideration and proper study in committee.

Hon. Gildas L. Molgat: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if Senator Molgat speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

● (1430)

Senator Molgat: Honourable senators, I thank my colleague from Manitoba, Senator Yuzyk, for his very useful comments on this bill. Certainly, I would be prepared to move that the bill be referred to committee if that is the wish of the Senate.

Senator Flynn: And of the committee itself?

Senator Molgat: However, I would hope that the Standing Senate Committee on Agriculture would meet soon to consider the matter. I understand from the chairman of that committee that it could be dealt with this coming Tuesday.

Senator Argue: At 10 o'clock in the morning.

Senator Molgat: I think that would be useful, because although there is by no means a deadline there is a desirable timing, which is August 1, the beginning of the crop year. If we could do that, I believe it would serve the purposes of honourable senators and the agricultural community in Western Canada, who are concerned about this bill.

Senator Yuzyk raised some very valid questions, and if the bill goes to committee we can have explanations from the departmental staff responsible. Perhaps I could just touch on a couple of his questions. He asked about rye flax and rapeseed. It is my understanding that these have been considered for possible inclusion, but there is a difference here in that there is, and has been over the years, an open market situation for these crops, which meant that they were not in the same situation as wheat, oats and barley, which were restricted under the Wheat Board. With the opportunity to sell under an open market situation, there did not seem to be the same demand for advance payments. However, I think this is something that could be considered in committee.

It is my understanding that advances actually come in a mixed sort of way. Senator McNamara, who is a former chief commissioner of the Wheat Board, could probably explain this much better than I can. The Wheat Board actually makes the advances. However, as I am sure honourable senators from the West are aware, all Wheat

Board costs of financing and administration are paid for by the Wheat Board, and hence by the Prairie grain growers. In this case, the Wheat Board advances the money but then charges back to the Government of Canada the interest chargeable to that specific item of advance. That is the only item of subsidy that comes from the national treasury. The Wheat Board does the administration, the Wheat Board advances the money, and the only item from the national treasury is the interest portion, which is not a heavy one.

Senator Yuzyk: How about those payments that are in default? Is this taken care of by the Wheat Board or is this charged to the government? I understand, of course, that these defaults have been very minor, and indeed negligible, because I believe about 99.99 per cent of farmers have paid up whatever they owed.

Senator Molgat: I regret that I cannot give a specific answer to that question on the default portion, whether it comes from the Wheat Board or from the Government of Canada. I am sure my colleague Senator McNamara could reply to that. It would be my expectation that, in view of the fact that the interest is covered by the Government of Canada, the defaults would be covered.

In order to put this in proper perspective, perhaps I should give the figures. Yesterday I was asked a question about the defaults by Senator Buckwold, and I then said my information was that about 99.99 per cent of the farmers had paid. That is the fact over most years. In total, if it is averaged out, the figure would probably be something like 99 per cent.

The total of the advances over the years since the inception of the program in 1957 is \$1,124 million, and the total default at this stage—or, at least, the total outstanding unrepaid—is \$16 million. So you have to relate \$16 million to \$1,100 million. Of that \$16 million, slightly less than \$14 million is outstanding in this current year. In other words, over the whole program, apart from this year, the total default has amounted to about \$2.4 million which, in relation to the total, is almost negligible. It is not, by any means, a large amount. The \$16 million outstanding now is largely related to the outstanding advances for this particular crop year, and if it has not been repaid it is simply because the grain has not been delivered.

Senator Argue: It is being delivered now.

Senator Molgat: Yes, it is in process of delivery now, because the crop year will end on July 31.

Honourable senators, yesterday Senator Manning asked why there are two acts. Senator Yuzyk also referred to this. I simply cannot tell you why two acts are necessary. All I know is that the first act, Bill C-10, was passed by the House of Commons and subsequently by the Senate, and it increased the limit from \$6,000 to \$15,000.

Senator Flynn: Inefficient administration is the answer.

Senator Molgat: My honourable colleague says it is because of inefficient administration. Possibly one may look at it in another way, and say it is because of receptive administration. I suspect what happened is that in the course of discussions about the changes, the government found there was a request from the producers. In the normal action of the present government—

Senator Flynn: It is the normal attitude of the present government to see things only afterwards.

Senator Molgat: The government has listened to the producers, and has agreed with their submission that other things ought to be changed as well, and so brought in a second bill. I would think this is a commendable action, showing that the government is not taking an inflexible position.

Senator Flynn: Bravo. I hope the government will do that all the time.

Senator Argue: There may have to be a third one.

Senator Molgat: There may, indeed. If, in its discussions in the future, the government finds it necessary, we may have a third act. But for the moment the bill now before us is a definite improvement, as Senator Yuzyk has pointed out.

Senator Langlois: The Opposition is against improvement all the time.

Senator Perrault: They go against the grain, too.

Senator Molgat: Honourable senators, I hope that these explanations have cleared up at least some of the immediate problems. The details can be explained in committee. I shall be pleased to move that the bill be referred to the Standing Senate Committee on Agriculture for consideration, but I hope that it will be reported back to the house within a reasonable time. I do not in any way wish to rush the committee's examination, but I remind them that the crop year ends on July 31.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Molgat moved that the bill be referred to the Standing Senate Committee on Agriculture.

Motion agreed to.

● (1440)

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Second reading of the Bill C-57, intituled: "An Act to amend the Federal-Provincial Fiscal Arrangements Ac., 1972".—(*Honourable Senator Perrault, P.C.*).

Senator Perrault: Stand.

Senator Grosart: I wonder if I could ask the Leader of the Government why he is standing this order at this particular time? We have been told that we shall have a fairly heavy program next week. There will be at least three bills, and there is pious hope that we will have at least one other and possibly more. If it is the intention of the Senate to dispose of the pre-summer recess business of Parliament next week—and, personally, I have doubts about that—it would seem that we should be proceeding at once with the bill now before us. It was introduced on Tuesday, and it is on the Order Paper for second reading

[*Senator Molgat.*]

today. Surely, we should be dealing with it so that we will know what the presentation is to be on second reading.

Senator Lang: Honourable senators, the leader is standing this order at my request, because I have undertaken to explain the bill on second reading.

If my honourable colleagues on the other side have had an opportunity to look at Bill C-57 they will realize that the Income Tax Act, by comparison, looks like a verse from «Dick and Jane.» Bill C-57 is probably one of the most complicated and significant pieces of legislation in the fiscal area that we have had before us for some time. Frankly, I am not prepared to attempt to explain this bill to this chamber without having at least a rudimentary knowledge of what its import is.

Senator Perrault: Hear, hear!

Senator Lang: I have been unable to obtain a briefing from the Department of Finance today. The people in the department were either at meetings or otherwise unavailable. I have requested that they attend upon me tomorrow in Toronto, however, and they have agreed to do so. That is the explanation, Senator Grosart.

Senator Grosart: I have every sympathy with Senator Lang, but I point out that this bill has been available to parliamentarians, and specifically to anyone who might be assigned the sponsorship of it, for quite a long time. It is not a new bill.

Senator Flynn: In any event, having read the bill, I am quite sure that Senator Lang will not be able to understand it any better on Monday next than today.

Order stands.

NATIONAL DEFENCE ACT AND CRIMINAL CODE (TOTAL ABOLITION OF CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Argue, seconded by the Honourable Senator O'Leary, for the second reading of the Bill S-23, intituled: "An Act to amend the National Defence Act and the Criminal Code (total abolition of capital punishment)".—(*Honourable Senator Prowse*).

Senator Prowse: Stand.

Senator Flynn: Is Senator Prowse not ready yet?

Order Stands.

CRIMINAL CODE (COMMUTATION OF DEATH SENTENCE)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion, in amendment, of the Honourable Senator Neiman, seconded by the Honourable Senator Norrie, to the motion of the Honourable Senator Robichaud, P.C., seconded by the Honourable Senator Eudes, for the second reading of the Bill S-21, intituled: "An Act to amend the Criminal

Code (commutation of death sentence)".—(*Honourable Senator Flynn, P.C.*).

Senator Flynn: Stand.

Some Hon. Senators: Oh, oh!

Senator Flynn: Honourable senators, by comparison with Senator Prowse, at least I explained yesterday why I am standing this item.

Senator Langlois: You are not ready yet.

Senator Flynn: Oh, I am ready.

Order stands.

FORESTRY

DEVASTATION OF FORESTS OF EASTERN CANADA BY THE SPRUCE BUDWORM—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Burchill calling the attention of the Senate to acceleration in the devastation of the forests of Eastern Canada and adjoining areas by the ravages of the spruce budworm.

Hon. Hervé J. Michaud: Honourable senators, yesterday Senator Burchill called the attention of this house to a matter of utmost importance to the economy of the province of New Brunswick. I refer to the impending disaster in the forest lands of New Brunswick which are at present suffering a terrible infestation of budworms. As a senator from that province I welcome this opportunity, in conjunction with those who have preceded me in this debate, to support Senator Burchill's position that the attention of this house should be focused on this urgent matter.

In dealing with the subject matter yesterday, various speakers confined themselves to the broader aspects of the problem—the overall picture. They dealt in broad terms with the menace threatening the New Brunswick lumber industry, the crown land holdings and forest lands generally. It is not my intention to expound on that general aspect, because what needs to be said on it was said yesterday. But I do feel that it is appropriate for me to attempt to draw your attention to a more specific aspect of the situation—that is, as it applies to the smallholdings, to the woodlot situation, and as it affects the economy of the small farmer who depends on the income from his woodlot for his subsistence.

In the course of his remarks yesterday Senator McElman mentioned that 87 per cent of the area of New Brunswick lies under forest. You may be interested to know that a breakdown of the forested land of New Brunswick by ownership class reveals that 44.4 per cent of it is provincial crown land; 2.2 per cent is federal crown land; private holdings of over 500 acres each account for 22.2 per cent of the area; and 31.2 per cent of the area is privately owned by the small farmers of the province and by the owners of small woodlots who are dependent, as I have indicated, on the income from those woodlots for at least a part, if not all, of their livelihood.

When it is considered that that 31.2 per cent of the forests of New Brunswick is under threat of disaster, it becomes readily apparent that Senator Burchill deserves credit for having brought the matter to the attention of this house, and for having demonstrated the need for

governments at all levels to deal immediately with this urgent situation.

● (1450)

If we look at it from another point of view, as a percentage comparison of inventory volumes by ownership class, we find that 31.2 per cent, representing the small woodlots of the province of New Brunswick, constitutes 23.6 per cent of all the species in quantity figures. It would seem that the larger holdings are more productive, acrewise, than the small acreages. Therefore, 23.6 per cent of all the wood produced in New Brunswick is produced by the owner-operators of small woodlots.

There is a second aspect which, I submit, deserves our attention as well, from the point of view of the small woodlot owner, and that is the Christmas tree industry. The Christmas tree industry also has real importance, and is of great significance in the economy of the small farmers.

All those who are familiar with the situation as it exists in New Brunswick know very well that in the fall of the year, during September, October and November, there is great activity throughout the rural areas of the province where Christmas tree buyers and operators carry on their activities. Many people are involved in these operations, and many smallholders have the opportunity to benefit from this trade by selling Christmas trees to the buyers during this period.

Honourable senators, those are the two points which I wanted to bring to the attention of the house at this time, namely, the importance of the lumber industry to the many small farmers and woodlot owners in New Brunswick, who derive an important part of their income from those woodlots, and also the importance of the Christmas tree industry to those who depend on it for their livelihood.

With those two considerations in mind, in addition to the many others presented yesterday, I am very happy indeed to have had this opportunity of supporting the views expressed by Senator Burchill when he stressed the urgency of finding ways and means to solve the terrible disaster which has fallen upon the woodlands of the province of New Brunswick.

Senator Buckwold: Would the honourable senator allow a question?

Senator Michaud: Certainly.

Senator Buckwold: I think all of us have been impressed with the extent of what could be a provincial disaster in New Brunswick. I must say, coming from the West, that I was not aware of what was going on in this essential industry, this foundation industry, of that province. My question is: In view of the dimension of the problem, what action has the Government of New Brunswick taken to meet the challenge of this disaster? I do not think that has been explained to us. I do not suppose the provincial government has been sitting back and letting it happen. There must be an explanation.

Senator McElman: Honourable senators, perhaps I might be permitted to comment.

The provincial government, irrespective of party, has been conducting spraying operations with insecticide

since 1952. For a good number of the past 24 years the spraying operation has covered as many as 5 million acres of forest land—in fact, I think it has covered an area greater than that. The spraying has been going on every year over that period. Unfortunately, the effect of the spray in the last couple of years appears to be minimal, and this is the cause of the disaster. It is not something that can be attributed to, or blamed on, anybody. Governments have been doing the best they can to deal with the problem, but the efforts they have been making in the last two years in particular just do not seem to be having the desired effect.

Senator Buckwold: I think we are aware that the government has been spraying. It has been pointed out to us that this has been going on for a long time, although it is basically ineffective. A crisis of a particularly intense nature, however, seems to have developed just in the last year or two, and I thought that there probably ought to be more reaction from the province, and other steps taken. I am not in any way minimizing the federal role, which I agree should be very active, but I cannot imagine the province's not rigorously pursuing every remedy that may be available to it.

Senator Langlois: Any worthwhile reaction comes from the Senate, and it did this time too.

Senator McElman: The suggestion that they have not done anything effective is quite wrong. They have indeed done something very effective. If that spraying had not been done, even as a holding action to keep the forests alive, the coniferous forests of New Brunswick would have been dead 20 years ago. The ten pulp and paper mills, and all the lumber mills, in New Brunswick would have been

closed many years ago. To suggest, therefore, that nothing effective has been done is entirely wrong. It has been a holding action. I cannot recall anybody suggesting at any point in time that the budworm was going to be knocked out completely, but the forest has been kept alive, the industry has been kept alive, and employment for many thousands of New Brunswickers has been kept alive.

As a matter of fact, the federal scientists primarily, in collaboration with the provincial experts, have been engaged in research over all those years, and they have not yet come up with the answer. One solution has been found—a rather radical solution—but it has not yet become a practical answer in terms of economics. This solution is based upon the sexual activity of the budworm, strange as it may sound.

An Hon. Senator: Describe.

Senator McElman: I will describe it. A chemical has been developed which can cause the male moth that comes from the budworm to become rather excited in its procreative activities in advance of the will and the wish of the female, which causes it to perform its functions at a time when they are not productive. This has been successful in the laboratory.

Senator Bourget: Is this a federal or a provincial project?

Senator McElman: I can laugh with you. However, this approach has not been brought into the practical field as yet, in spite of its success in the laboratory. Efforts are continually being made, and this is one of them.

On motion of Senator Petten, for Senator Deschatelets, debate adjourned.

The Senate adjourned until Monday, July 14, at 8 p.m.

APPENDIX

(See p. 1164)

FIRST REPORT OF SPECIAL COMMITTEE OF THE SENATE ON
SCIENCE POLICY

Thursday, July 10, 1975.

The Special Committee of the Senate on Science Policy makes its first report as follows:

On November 21, 1974, the Senate approved a motion which read in part:

"That a Special Committee of the Senate, to be known as the Special Committee of the Senate on Science Policy, be appointed to organize and hold a conference for the purpose of determining the feasibility of establishing a Commission on the Future, whose responsibility would be to help as many private and public organizations as possible to forecast and build their future not only in isolation but together."

This motion was designed to implement a recommendation contained in Volume 2 of the report of the Senate Special Committee on Science Policy. Another proposal presented in that volume recommended:

"That the Economic Council should enlarge its activities and establish a special Committee on the Future with broad terms of reference but looking more specifically at the years 2000 and 1985 and attempting to project various possible environments that could emerge from the extrapolation of identifiable Canadian trends within the international context."

Thus, what the committee had in mind when it prepared its report was to attain two specific objectives: first, to launch systematic futures research in Canada; secondly, to gather and diffuse in usable form the best information available in the world on the future so as to improve Canadian decision-making in the private as well as in the public sectors. The purpose of holding a conference was to consult a representative group of Canadian decision makers on the feasibility of institutions designed to meet these two objectives.

In preparing the proposed conference, the committee had to start from scratch because very little had been done in Canada in the area of research and information on the future. We had to learn what was going on in the world in this field. As a result of this preliminary operation, the information accumulated by our staff on this topic is certainly the most complete and up to date that exists in Canada. This is a most valuable asset.

On the basis of that information, a series of preliminary working papers was prepared and compressed in a document entitled "Managing the Future: Conference on Anticipatory Institutions". The committee proposes to print that document together with the present report so that both will be available to the public for future reference.

That document was finalized in mid-January 1975 and distributed to a number of experts in Canada and abroad. The chairman also sent a copy to the Prime Minister because it was felt that the active participation of the government was necessary if futures research and information were to be improved in Canada.

The Prime Minister answered on February 21, 1975, partly as follows:

"Thank you for sending me your report regarding the proposed conference on futures studies in Canada. I have taken note of this document with the utmost interest and, as I have told you before, I, like you, desire to see an improvement of the conditions in which decisions are taken in the public sector—

It is with regret that I have accepted John Aird's resignation from The Senate. However, I know he will bring a valuable contribution to the Institute for Research on Public Policy. This organization has taken longer to start than I had hoped and I would be happy if you would discuss with Mr. Aird the role that the Institute should play in these studies. It would seem in effect that this organization should initially be given the responsibility of the important tasks which you have so well defined."

Thus, it became clear that the Prime Minister agreed with the committee's objectives and recognized the need for more and better futures research and information. This was the substance of the message contained in our document. He felt, however, that this need should be met by the Institute for Research on Public Policy rather than by new institutions to be designed by Canadian decision-makers during a special conference.

The different strategy proposed by the Prime Minister is understandable. As he says in his letter, the Institute established in 1972 has taken longer to start than he had hoped. With its very broad and rather vague terms of reference, the Institute found it difficult to define a concrete mission and to properly organize its activities. To function effectively, it probably needs a major and continuing program such as the one our committee put forward in its document.

On April 1, 1975, Mr. C. R. Nixon, then deputy secretary to the Cabinet, wrote as follows to Dr. A. W. R. Carrothers, president of the Institute:

"Dear Mr. Carrothers,

I should like to outline thoughts on some work which IRPP might wish to consider undertaking on a contract basis. The work is on a topic which I believe lies near the center of the concerns of your institute; namely, the preparation of a comprehensive appreciation of the present situation and trends that exist in Canadian society, and how these might interact to form possible futures for the country.

There appears to be a quite general feeling that all levels of Canadian life would benefit if the decisions taken at those various levels could be made against a perspective of possible and projected long-term trends in Canadian society. From the government's point of view, such a perspective would permit Cabinet to make choices against a longer time horizon and against a broader backdrop than is normally available; it would permit policy options to be developed within

departments in the light of comprehensive portrayals of existing conditions, trends and possible futures; and it would allow departmental management to consider operational decisions in the light of longer term implications of these decisions. The appreciation should similarly be helpful to other levels of government, academia, and the private sector in their research, planning, and decision-making.

In our initial thoughts it seemed that there was merit in putting the main emphasis on the trends within the various sectors of society, working from the current situation as a point of reference, rather than trying to give a precise picture of life as it might be foreseen at any future point in time. Nevertheless, it would seem worthwhile, as well, to choose one or two points in time (e.g., 1985 and 2000), at which to consider how the balance and interaction between the evolving trends might stand. These focussed images of the evolving trends could serve to add coherence to foreseen or possible developments.

In all this, let me make the point that the reason for pursuing this project is the assumption that the future has not been determined but is, at least to some extent, a matter of choice; it is the set of possible futures and the required choices along with "surprise-free" projections, which are of interest.

Let me add the following specific thoughts on the characteristics of the project which we contemplate:

This would be a periodic document undertaken under a contract with the federal government which would be updated annually or biennially.

It would, of course, be a public document which would not only yield benefits to the government but would also serve to stimulate public discussion.

There would seem to be some virtue either within the report itself, or in a companion document, in providing a commentary on other appreciations of the future such as have been done by the Ontario Economic Council and the Hudson Institute.

As a point of reference, we had pictured the Fall of 1976 as being a target date for the initial report which could give results in reasonably broad outline and which could serve as the foundation for more precise portrayals subsequently as capabilities developed.

I appreciate that this project would be a major undertaking which you would not wish to enter into lightly. I would, however, be grateful for the opportunity, after you have had a chance to give it some thought, to discuss with you the substance and scope of such work. After such discussion I would anticipate receiving a proposal from your Institute which could be used as a basis for contract."

It is quite obvious that Mr. Nixon's letter merely spells out the committee's original recommendations. It even mentions the same target years of 1985 and 2000. Mr. John Aird, our former colleague who is now the Institute's chairman of the board, asked Dr. Carrothers to meet with our chairman to discuss the content of Mr. Nixon's proposal. This meeting was held on May 9. Dr. Carrothers then

stated that he would submit this proposal to the Institute's executive committee on May 21. Our chairman invited Dr. Carrothers to meet our committee to report on the executive committee's reaction.

This meeting took place on May 27. Dr. Carrothers reported that the Institute's executive committee had decided to recommend that the board of directors approve a plan of action for considering Mr. Nixon's request which would include

"The retention of a consultant and the appointment of advisers to assist in preparing a submission to the Privy Council Office subject to review by the executive committee or the board with a view to undertaking macro studies along the lines described in the request and with a view to serving as a catalyst and clearing house for forecasting studies in Canada as may be determined by the Institute's perception of needs and its capacity to meet it."

Members of the committee noted the close similarity, even in the terms used, between the substance of this proposal and the basic aims expressed in the committee's working paper. They felt that what the committee and the Institute had in mind was not to initiate complementary operations but alternative strategies designed to meet the same needs. Since the executive committee's proposal would be submitted to the Institute's board of directors on June 11, it was decided to invite Dr. Carrothers to appear again before the committee on June 17.

At this second meeting, Dr. Carrothers reported that the Institute's board had agreed to commission a feasibility study to be made by a consultant supported by a committee of advisers. He indicated that the study would include the feasibility of both the futures research and the futures information functions which, according to the committee's plans, would otherwise have been considered at the proposed conference. He also mentioned that the board had retained the authority to make a final determination on Mr. Nixon's request at its next meeting in November when it would receive the results of the feasibility study.

Thus, it appeared even more clearly than during the first meeting that what the Institute was intending to do in response to Mr. Nixon's request was almost a mere duplication of the special Senate committee's mandate. Dr. Carrothers even mentioned that if the Institute decided, on the basis of the feasibility study, to respond positively to Mr. Nixon's request, he expected that a conference would be held before launching the new futures research and information operations.

Moreover, when Dr. Carrothers was asked by Senator Grosart if there was a need for the special Senate committee to go ahead with its mandate and for the Institute's new undertaking, he expressed his personal view that the two operations "would probably involve a degree of duplication which probably should be avoided and to that extent therefore it may be concluded that both would not at this time be in the public interest."

When the Special Committee on Science Policy first proposed that the Senate sponsor a conference to launch futures research and information in Canada, the Institute did not exist and the Canadian government had not yet

expressed any real interest in this area. The Senate was seen then as the only appropriate body, with the required impartiality, motivation and expertise, through its special committee, to sponsor such an undertaking, although as it was pointed out at the time, this initiative would be an unprecedented activity for our chamber.

It has now become obvious that the Institute is prepared to assume this responsibility and that the Canadian government is willing to finance it. The committee is convinced that such a development is the direct result of its work and feels that the Senate should not attempt to duplicate it.

The committee therefore recommends that its present mandate to hold a conference for the purpose of determining the feasibility of establishing a Commission of the Future, be terminated.

The Institute has a sufficiently broad basis to successfully launch this new major operation. Indeed, the federal and provincial governments as well as various segments of the private sector of Canadian society are represented on its board of directors or its council of trustees. However, to establish its credibility in this important and complex area, it will have to give top priority to the new program and develop a high degree of expertise which it has not yet acquired.

In its new endeavour, the Institute will need all the assistance it can get. The committee feels that it can be of great help by making available all the information and documentation it has already accumulated. Dr. Carrothers has said that the Institute would be very pleased to have access to this material.

We believe, however, that our overall mission has not yet been completed. We feel that we should resume our watchdog role in three specific areas.

First, we should make a survey of futures research programs being carried out within government departments and agencies and see how the Institute will develop its new area of activities. We have succeeded in making futures research a Canadian Government priority. We are under the impression, however, that government departments and agencies are developing their research effort in isolation in this area as in so many others. This "policy by accident" is wasteful. Dr. Carrothers has told us that the Institute intends to become "a catalyst and clearing house for forecasting studies in Canada" but he emphasized the point that it had no authority over the activities of other research organizations. However, the committee has shown in its working paper the need for *co-ordinated* national networks of futures research and information and now feels that it has the obligation to monitor on-going activities in this area to make sure, in so far as it can, that this need will be effectively met.

Secondly, the committee should make a systematic review of the implementation of the recommendations con-

tained in its report on science policy. In 1972 and 1973 we made about 73 formal recommendations and many more other suggestions. We know that many of these proposals have been accepted by the government but it is impossible to see how they have been implemented without meeting those who have that responsibility. For instance, the make-or-buy policy which we recommended to help industry carry out more research and development activities on a contractual basis has been accepted by the government but there is a general impression that departments and agencies should buy much more than they do and, in the process, further strengthen the innovative capacity of private industry. We believe that the zeal for desirable reforms created by our report two or three years ago has diminished and that the proposed review might prevent the return of the former *status quo*.

Thirdly, the committee should hold hearings on the Canadian science budget. In Volume 3 of our report, we recommended that the government present in an annual document its estimates of expenditures for scientific activities and that a committee of the Senate be authorized to make an overall review of those estimates. On February 28, 1974, the Honourable Jeanne Sauvé, who was then Minister of State for Science and Technology, announced that her ministry "will be responsible for the development of a science policy framework against which individual policies can be viewed" and that a science budget display "will be used for the evaluation of departmental and agency budgetary proposals for scientific activity". The Minister added that "MOSST will evaluate these proposals prior to final consideration and approval by Treasury Board and publish annually a report analyzing federal expenditures on science and technology". The committee feels that it should scrutinize this report and consider how the new system of evaluation works.

It seems to us that these three specific areas deserve to be investigated.

The committee, therefore, recommends that it be authorized to consider and report on Canadian government and other expenditures on scientific activities and matters related thereto;

That the committee have power to engage the services of such counsel and clerical personnel as may be necessary for the purpose of the inquiry;

That the committee have power to send for persons, papers and records, to sit during adjournments of the Senate and to report from time to time; and

That the committee be authorized to print such papers and evidence from day to day as may be ordered by the committee.

Respectfully submitted,

Maurice Lamontagne,
Chairman.

THE SENATE

Monday, July 14, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Rompkey and Orlikow had been substituted for those of Messrs. Stollery and Gilbert on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

NATIONAL CAPITAL REGION

SPECIAL JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that the following Members have been appointed to act on behalf of the House of Commons on the Special Joint Committee on the National Capital Region, namely: Messrs. Baker (Grenville-Carleton), Bawden, Clermont, Corbin, Ellis, Francis, Gauthier (Ottawa-Vanier), Goodale, Isabelle, Knowles (Winnipeg North Centre), La Salle, Macquarrie, Poulin, Rondeau and Watson.

Attest

Alistair Fraser

The Clerk of the House of Commons.

PETRO-CANADA BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-8, to establish a national petroleum company.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Langlois: With leave, I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

OLYMPIC (1976) ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-63, to amend the Olympic (1976) Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Langlois: With leave, I move that the bill be placed on the Orders of the Day for second reading at the next sitting.

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Senator Langlois tabled:

Report of the Standards Council of Canada for the fiscal year ended March 31, 1975, including its financial statements certified by the Auditor General, pursuant to section 20 of the Standards Council of Canada Act, Chapter 41 (1st Supplement), R.S.C., 1970.

Report of the Agricultural Products Board for the fiscal year ended March 31, 1975, pursuant to section 7 of the Agricultural Products Board Act, Chapter A-5, R.S.C., 1970.

Report of the Agricultural Stabilization Board for the fiscal year ended March 31, 1975, pursuant to section 14 of the Agricultural Stabilization Act, Chapter A-9, R.S.C., 1970.

Auditors' Report to Parliament on the accounts of Air Canada for the year ended December 31, 1974, pursuant to section 28 of the Air Canada Act, Chapter A-11, R.S.C., 1970.

Report of the National Librarian for the fiscal year ended March 31, 1975, pursuant to section 13 of the National Library Act, Chapter N-11, R.S.C., 1970.

Copies of document entitled "Review of the Procurement Practices and Policies and the Intercorporate Financial Relationships of the British Columbia Telephone Company," issued by the Department of Communications and dated July 1975.

Capital Budgets of the Cape Breton Development Corporation for the fiscal year ending March 31, 1976, pursuant to sections 21 and 26 of the Cape Breton Development Corporation Act, Chapter C-13, R.S.C., 1970, together with copy of Order in Council P.C. 1975-1482, dated June 26, 1975, approving same.

Copies of Executive Summary on the West Coast Fishing Vessels Casualties Inquiry, issued by the Department of Transport and dated March 1975.

Report of Canadian Patents and Development Limited for the fiscal year ended March 31, 1975, including its accounts and financial statements certified by the Auditor General, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Canadian Broadcasting Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 47 of the Broadcasting Act, Chapter B-11, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

● (2010)

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Daniel A. Lang moved the second reading of Bill C-57, to amend the Federal-Provincial Fiscal Arrangements Act, 1972.

He said: Honourable senators, the other day in this chamber I mentioned the anguish that I was experiencing in trying to adequately dissect this piece of legislation. I hope that by now all senators will have had the opportunity to experience somewhat the same sensation. It is a difficult piece of legislation but, in my opinion, a very significant one. It is particularly significant considering the state of our current federal-provincial relations, and it bears close examination by this body.

Honourable senators, as you realize, this bill is an amendment to the Federal-Provincial Fiscal Arrangements Act, 1972. Basically, there are two completely distinct categories involved in this amendment, although both categories are to a great extent interrelated. First, the bill deals with equalization payments to be made by Canada to the provinces. Secondly, it deals with the revenue guarantee program. Those two aspects are really quite distinct for purposes of our discussion this evening.

The necessity to amend the equalization payments provisions arises entirely because of the onslaught of the now all too familiar energy crisis. The amendments to the revenue guarantee program arise out of the—and I could say the all too familiar—1971 Income Tax Act, or the tax reform measures of that year, as they have been described, which took effect in 1972.

First, I would like to deal with the amendments to Part I of the act, which are the amendments affecting equalization payments. Equalization, as a concept in our history, is not new. Honourable senators will realize that we have had certain forms of equalization ever since the days of Confederation. However, a radical revision of our equalization procedures, practices and policies came about in 1957 when the last federal-provincial tax rental agreement came up for renewal. During the period since 1957 there have been many and varied modifications to that act.

I do not propose to deal with those specific modifications this evening. Basically they were designed to meet the exigencies of the economic conditions in Canada as they arose, and as they varied from province to province.

Finally, in 1967, the present system was introduced, and set forth in the Federal-Provincial Fiscal Arrangements Act of that year. In 1972 further amendments were necessitated by disparities arising through the application of the formulae, and not hitherto contemplated.

The present act was brought into force to cover the five-year period until 1977.

Honourable senators will realize that at this point in time we are approximately half way through the five-year period, at the end of which the basic concepts underlying the act will be re-examined in depth by federal and provincial officials for the purpose of revision and embodiment in a new piece of legislation.

As I have mentioned, the necessity to amend the equalization formulae arose because of the complete distortion created by the large windfall revenues to the oil and gas producing provinces. This windfall, of course, was a result of the actions of the oil cartel countries, the OPEC countries, and the effect of those actions on world oil prices.

If world oil prices, as are now in effect, were fully taken into the formula under the present fiscal arrangements, a tax burden would be imposed on the people of Canada completely beyond their ability to finance. The present formula, for instance, if carried forward, would jump the 1974-75 estimates of the total cost of the program, which is now \$1.7 billion, to approximately \$4 billion, and I would ask honourable senators to bear in mind that the cost of the program has already doubled from \$1 billion to \$2 billion during the last three years.

In addition, the effect of the complete recognition of world prices under the present formula would affect the provinces of Saskatchewan and Ontario noticeably by putting Ontario, theoretically, in the position of a have-not province, and raising the entitlement under this formula for Ontario to approximately \$814 million annually. Such inclusion would also wipe out Saskatchewan's entitlement completely.

Accordingly, the Minister of Finance recognized early the impossibility of the present situation, and these amendments are the product of an attempt to remedy the deficiencies and create a fair and equitable alternative.

Honourable senators might ask: How, in fact, does this bill deal with the problem? If this bill is passed, the federal cost of the equalization of oil and gas revenues would be limited to an increase from \$257 million to \$380 million for the fiscal period 1974-75, and from \$380 to \$415 million in 1975-76. This, indeed, is no mean increase in payments attributable to the inclusion of oil in the revenue formula, but it is an increase that is deemed manageable at the present time.

This limitation is accomplished in the following manner: first, provincial oil and gas revenues that are not attributable to world cartel prices—in other words, oil and gas prices as they were before the impact of the actions of the OPEC countries—are designated now as "basic revenues." Those basic revenues are included to the full extent for the equalization program. Revenues from oil and gas over

and above basic revenues are referred to and designated as "additional revenues." In other words, they are the revenues realized from oil and gas by the provinces over and above the basic revenues of the fiscal year 1973-74.

Secondly, there is in this bill a reclassification of oil and gas revenues from four classes to six classes. This tends to group these revenues into more homogeneous categories, and it recognizes the provincial taxes now imposed for the first time by the provinces on a new source, namely, freehold oil and gas revenues.

Heretofore, there were four categories of such revenues, namely, crown oil revenues, crown gas revenues, sale of crown leases and reservations on oil and gas lands, and, finally, other miscellaneous oil and gas revenues, generally of a minor nature, such as from permits, licence fees, and so forth. The result of this reclassification is interesting. It will in fact increase the equalization costs by about \$3 million, but it will prevent Saskatchewan from becoming overnight a have province, and thereby disentitled to equalization payments.

● (2020)

It is interesting to note, and I think important for the Senate to consider, the fact that the government has deemed it advisable to include in the formula one-third of the additional revenues to which I have referred. The criticisms that were expressed in the other place, and which I have read, are based on the fact that this is an arbitrary amount to include, and that it has no objective reality. What I suggest it does represent, honourable senators, is an honest attempt by the government to bridge the distortions that are coming into play by virtue of the energy crisis. Further than that, it is not entirely an arbitrary figure, because it was suggested by the oil-producing provinces, not jointly but separately, that it would be their intention to segregate two-thirds of those additional funds and place them in a capital account to be used for the exploration and development of oil and gas. So it does fit the expressed intentions of the oil and gas producing provinces, by including the other one-third only. That equalization formula produces a result which is manageable in tax terms in the country today.

I turn now to the second part of these amendments, which are to Part IV of the act, and will deal with the income tax revenue guarantee sections. Honourable senators will recall the widespread concern that attended the passage of the 1971 Income Tax Act. This concern was shared by everyone who was at all knowledgeable about the effects of that measure, and arose out of the fact that the changes were so fundamental in principle and so massive in scope that the nature, effect and weight of the tax could really only be guessed at, even by those in the department charged with the drafting of the provisions.

Naturally, the concern as to the impact of this tax was felt very keenly by the provincial governments which were in receipt of payments under the equalization formula. This was so because that tax impacted on their revenues, either adversely or beneficially, so their entitlements under the equalization payments could vary considerably, up or down.

Accordingly, in 1972, under the Federal-Provincial Fiscal Arrangements Act of that year, the government guaranteed to the provinces that, no matter what the

actual effect of the tax reform measure was, their combined personal and corporation taxes, and their equalization payments, if any, would not fall below what those sources of revenue earned for the provinces prior to the introduction of the tax reform act.

There were conditions attached to that guarantee: first, that the provinces harmonize their tax legislation with the federal tax system; and secondly, that they do not jig up their personal tax rates under such circumstances that the increases might be interpreted by the public as attributable to the introduction of the new federal legislation.

Senator Flynn: Oh?

Senator Langlois: Fair enough.

Senator Lang: These conditions have worked beneficially in terms of harmonizing the tax structure during the unsettled years after the new act was introduced. However, the legislation can be open to the interpretation that this guarantee applies no matter what the federal government, in its wisdom, decides to do with the rates or structures under the Income Tax Act between 1972 and 1977. It was indeed anticipated, at the time of the tax reform bill, that it would be very unlikely that significant changes would be made to federal tax legislation until 1977.

Senator Flynn: Seriously?

Senator Lang: Yes, that is my information. However, history has proved otherwise and there were significant changes during the years 1972, 1973 and 1974.

Senator Flynn: Unbelievable.

Senator Lang: These changes included such items as accelerated depreciation on capital equipment in the corporate field, right down to the elimination of the first \$1,000 of investment income from personal tax calculations. These reductions have had the effect of reducing the provincial tax revenues, as their acts were in lock step, by and large, with the federal Income Tax Act.

Early on, recognizing the effect of these tax changes upon the fiscal arrangements between the federal government and the provinces, the Minister of Finance gave a commitment to the provinces that they would be compensated for reduced provincial revenues caused by the federal changes, and that this compensation would accrue to them through amendments to the formula under the equalization payments scheme. At the moment, the payments to the provinces across Canada under the guarantee scheme amount to \$300 million annually, and those payments include all the provinces. The payments are made to all the provinces under the guarantee scheme, of course, because it is directly tied to the effects of federal tax legislation on provincial revenues.

As an exception to this commitment made, and now carried out, by the Minister of Finance, he did in 1973 state to his provincial counterparts that the then new indexing of personal income taxes—which was introduced to take into account the effects then being felt of inflation in our tax system—that any consequent loss of additional revenues to the provinces occasioned by that indexing would not be compensated for in the revenue guarantees. I think honourable senators would agree that that is fair, equitable and just, inasmuch as it precludes the provincial gov-

[Senator Lang]

ernments' financing expenditures out of inflation-generated tax dollars. It will be beneficial to every taxpayer in Canada. Bill C-57 now formally excludes from this federal guarantee any lower than anticipated revenues that the province might have received occasioned by the removal of the effects of inflation, and the indexing of personal rates and the personal tax brackets.

● (2030)

There are three other aspects to the guaranteed program which are dealt with by the amendments contained in this bill. Last December the Minister of Finance announced that it was the government's intention to allow greater flexibility to the provinces in connection with the provisions of their individual personal and corporation tax rates, and that this would be permitted without forcing the provinces to forego the benefits of the federal collection of provincial taxes on their behalf. Accordingly, it can readily be anticipated that in the future there will be greater variations than there are now between the federal and provincial tax acts.

This would create a serious anomaly in the administration of the formula. Therefore, under the present bill, a model is used to compute theoretical comparative provincial revenues, which is not only based on the federal corporate tax provisions but, for the first time, is now based on the federal personal tax provisions as the model on which the calculations are formulated.

This amendment will, in addition, preclude any province from lowering its tax rates thereby unilaterally qualifying itself for higher payments under the guarantee; or, conversely, from increasing its tax rates and having its guarantee correspondingly diminished. In other words, on the one hand, it precludes the provinces from taking unfair advantage of the formula, while, on the other hand, it protects a province which has the political courage to increase its tax levies by negating penalties that might otherwise occur under the guaranteeing provisions.

Honourable senators, the third amendment arises out of the recent practice of Saskatchewan, Alberta and British Columbia of rebating oil and gas revenue taxes produced by the federal disallowance of provincial tax levies in the computation of income. You will see that the federal government, in disallowing these deductions, thereby increased the taxable income of those companies so disallowed, and that increase of taxable income partly accrued to the benefit of the provinces in which it arose. The three oil and gas producing provinces promptly rebated to the individual taxpayers the benefits that accrued to them as a result of the federal disallowance. This, of course, created a further anomaly in the formula. The bill before us tonight excludes these rebates in computing the revenue guarantee, and this is done by a redefinition of the "actual yield of the corporation income tax", which is a technical phrase under the basic act.

● (2040)

That should cause some very happy faces in the governments of Saskatchewan, Alberta and British Columbia, and, indeed, it is a basic rapprochement by the federal government. It is an exhibit in proof of the federal government's flexibility in trying to react in a fair and equitable manner under the severe dislocations produced by the present economic scene.

Finally, honourable senators, this bill deals with another anomaly in the guarantee program. Under the program as it is now administered, if a province reduces its tax to conform to a federal change, it is compensated under the guarantee program. However, even if that province does not follow the federal tax reduction, but keeps its rate constant at the higher level, it will still be compensated under the general definitions for revenue guarantees. This is obviously inequitable, and in Bill C-57 an amendment provides that such tax differential would not be recognized in the computations under the formula. In other words, a province cannot have its cake and eat it too, via the guarantee program.

Honourable senators, I do not intend this evening to try to dissect for you the specific clauses of this bill, nor to explain how the principles and policies I have referred to are carried out by specific amendments to sections of the Federal-Provincial Fiscal Arrangements Act. You will undoubtedly have many questions to ask in committee, and I would certainly prefer that those questions be directed to the departmental officials who drafted this complicated piece of legislation.

I would like, in conclusion, to say a few words of general import. The concept of the equalization program, and indeed of the revenue guarantee program, is really so right, and so completely justified, in Canada that no fair minded person anywhere in this country would question its validity in principle; but how difficult, complicated and, indeed, exasperating, the application of those principles becomes in practice. This bill has given me, and I hope honourable senators also, some slight insight into the complexities involved in carrying out this program. It is no wonder that federal and provincial officials are constantly engaged in studies and consultations under this act. Notwithstanding, it is fairly easy to understand why those difficulties arise. It is not easy—and this is really self-evident—to devise formulae that have eternal validity under all circumstances, that are fair, and that hopefully can be applied with objectivity. If you impose upon that the rapidly changing economic conditions we have experienced in the past few years, the variety of ways in which these problems have been impinging on Canadians, depending entirely on where they live within the country, becomes obvious. I think recognition of those factors will inevitably lead to the conclusion that this program must be adaptable, must be flexible, and it must, to a certain extent, involve arbitrary judgments of the federal government. Those arbitrary judgments, however, be they more or less so, are in fact indicative of the initiative that the government has been discharging in this very difficult area.

Honourable senators will recall that Ontario since 1957, and Ontario, British Columbia and Alberta since 1965, have been the contributors to the rest of the provinces in Canada under this equalization scheme. I am certain that no person in those three provinces would question the worth or validity of the equalization scheme. The rest of the provinces—that is, those which benefit under the scheme financially—would consider this program as the basic cement of Confederation, and that, honourable senators, I submit, is what it is.

Today we are living in a world that is everywhere subjected to the energy crisis, is everywhere subjected to the evils of high inflation, and is practically everywhere subject to a concomitant economic recession of probably as serious proportions as we have experienced since the thirties. These events are of necessity going to strain the fabric of Confederation, because under these conditions the paramountcy of provincial concerns will be looming large in the minds of the provinces themselves, and they will take a different form, depending upon where they are viewed from, whether in Prince Edward Island, Newfoundland or Saskatchewan.

● (2050)

In this bill the federal government has taken a definite and significant lead in meeting the challenge, and I might add, by way of parenthesis, that I think that over the past few years the Minister of Finance is to be commended for the open, candid and really forthright manner in which he has dealt with these problems and with his provincial counterparts and their officials. This attitude of the Minister of Finance cannot but commend itself to all Canadians today, particularly when many of us here would readily recognize that less desirable characteristics in this difficult area could, and probably would, help him to avoid many of the political slings and arrows which he, by his candid posture, has invited. Frankly, I commend Mr. Turner for this, and for the political courage he has shown.

I also commend, honourable senators, this bill to your favourable consideration, and I hope that the Senate, and thereafter the provinces, will endorse its provisions wholeheartedly, particularly bearing in mind that the very reason for these amendments is a continued concern for the preservation and strengthening of the fabric of Confederation.

On motion of Senator Grosart, debate adjourned.

PETRO-CANADA BILL

SECOND READING—DEBATE ADJOURNED

Hon. Eric Cook moved the second reading of Bill C-8, to establish a national petroleum company.

He said: Honourable senators, this bill was fully debated on the floor of the other place, and at the meetings of the Commons Standing Committee on National Resources and Public Works. However, as the Honourable the Minister of Energy, Mines and Resources said:

The bill is neither lengthy nor complex, and detailed discussion of its provisions should be held for the committee stage.

In the hope that this course will commend itself to honourable senators, I will deal only with the purpose of the bill and give a general outline of the corporation which will be created if the bill becomes law.

The purpose of the bill is to establish a national petroleum company as a crown corporation and to provide for its purposes, objects and powers. Perhaps this may be best explained by my reading clause 3 of the bill:

[Senator Lang.]

Purpose of Act

3. The purpose of this Act is to establish within the energy industries in Canada a Crown owned company with authority to explore for hydrocarbon deposits, to negotiate for and acquire petroleum products from abroad to assure a continuity of supply for the needs of Canada, to develop and exploit deposits of hydrocarbons within and without Canada in the interests of Canada, to carry out research and development projects in relation to hydrocarbons and other fuels, and to engage in exploration for, and the production, distribution, refining and marketing of, fuels.

The corporation to be created will be known in both French and English as "Petro-Canada." Clause 5 specifies that the authorized capital is to be \$500 million, and that the amount subscribed from time to time shall be paid out of the Consolidated Revenue Fund. In addition to the \$500 million of paid-up capital the government is authorized by clauses 21, 22 and 23 to provide by means of loans, guarantees and otherwise, a further \$1 billion of loan capital.

Clause 6 and clause 7(1) set out in detail all the necessary objects, powers and duties necessary for the corporation to carry out the purposes of the bill.

Subclauses (2), (3), (4) and (5) of clause 7 should be drawn to your attention. Subclause (2) provides that the corporation shall comply with any directions given by the government with respect to the exercise of its powers, and subclauses (3), (4) and (5) provide that three months before the commencement of each financial year the corporation shall submit to the minister its capital budget for approval.

The balance of the bill deals with the following headings: Board of Directors; Chairman of the Board; President of the Corporation; Head Office; Administration of Corporation; Borrowing Powers; Status of Corporation; Staff, Financial; Dividends; Government Assistance; and Audit. These are all important matters but they do not affect the principle of the bill and can therefore be better discussed and passed or amended in committee.

Clause 25, however, requires special attention. The federal government holds a 45 per cent interest in Panarctic Oils Limited. Clause 25 authorizes the sale of the federal government's 45 per cent share of Panarctic Oils to the corporation at such fair and reasonable price as may be agreed upon by the Governor in Council and the corporation.

Honourable senators, I have attempted to explain the bill and perhaps I should now follow a good rule and quit when ahead. On the other hand, I think I should explain briefly why such a bill comes before us. It seems to me that the minister gave a very interesting outline of the government policy on which this bill is based. The policy behind the bill is to ensure for Canadians adequate and reliable supplies of energy at reasonable prices, as well as a direct share in the wealth which the development of our resources generates.

It is, of course, debatable whether or not a significant degree of federal public enterprise in the oil and natural gas area is good policy or bad policy. Canada already has federal efforts in the uranium and nuclear sectors, and, of course, there are provincial activities in electric power. In

this day and age there seems to be no sound reason against some public ownership and investment in oil and natural gas.

The government does not consider that Canada has not been well served by private enterprise in the petroleum industry. However, the bill is concerned with the future and not with the past. In view of the enormous amounts of capital which will be required to secure the energy needed for Canada's development in future years, it seems wise that public sources should be called upon to enlarge the work of the private sector. It should be clearly understood that Petro-Canada will not replace private industry. Canada will still look to the private sector to continue to find, develop, transport and deliver the bulk of our five energy needs. Petro-Canada is intended to supplement and stimulate the efforts of the private sector.

● (2100)

Finally, a national petroleum company may in the future play a very important role in enlarging the percentage of domestic ownership of our energy resources. The existing situation is that in excess of 90 per cent of our petroleum is in foreign ownership or control. A nationally owned company could bring together smaller Canadian companies into a larger, more competitive entity through joint ventures and the forming of various consortia. The development of the North will require capital of a magnitude not normally available to most Canadian-owned companies. The national corporation can play a decisive role in the formation of joint ventures in an attempt to alleviate this problem. Such partnerships may offer viable alternatives to the small Canadian operators who, in the past, have had to sell out to the internationals when they ran short of risk capital.

A few days ago I heard a radio commentator say that there is a new bumper sticker out West which reads, "If you like our Post Office you will love our National Oil Company." This may prove to be the case; only the future can tell. It will probably take 10 years or more before any judgment can be made. As the minister pointed out during the debate in the other place, the government has no illusion that the establishment of a national petroleum company is likely to lead to early and spectacular results in terms of massive energy development or financial success.

It is, of course, perfectly true that Petro-Canada is joining a pretty tough league. The present members of the league are all private enterprise companies and they seem to be most competent; at any rate they tell us often enough that they are.

We must have faith that Petro-Canada will perform well and justify its creation. Surely we have sufficient examples of well-run national concerns to give us good reason to believe that Petro-Canada will attract good sound administrators, engineers, geologists, and all others necessary to make an excellent oil team which will operate a company which will compare favourably in every way with companies in the private sector. If this indeed proves to be the case, the creation of a national oil company will result in very many benefits, both direct and indirect, to all Canadians.

I commend the bill to honourable senators, and if it should receive second reading I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, July 15, 1975

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Notes exchanged between the Governments of Canada and the Republic of Argentina constituting an Agreement concerning Nuclear Cooperation. Signed at Buenos Aires, September 10 and 12, 1974. In force September 12, 1974.

Copies of a contract between the Government of Canada and the Town of Morinville, Alberta, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C., 1970 (English text).

PRIVATE BILL

ROYAL CANADIAN LEGION—FIRST READING

Senator Carter presented Bill S-28, respecting the Royal Canadian Legion.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Carter: With leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT, NO. 2

BILL TO AMEND—REPORT OF COMMITTEE

Senator Argue, Chairman of the Standing Senate Committee on Agriculture, reported that the committee had considered Bill C-53, to amend the Prairie Grain Advance Payments Act, No. 2, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Molgat moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Benidickson be substituted for that of the Honourable Senator Bonnell on the list of senators serving on the Special Joint Committee on Immigration Policy; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Lang for second reading of Bill C-57, to amend the Federal-Provincial Fiscal Arrangements Act, 1972.

Hon. Allister Grosart: Honourable senators, we had an unusually excellent explanation of this somewhat complex bill from Senator Lang, the sponsor, yesterday.

Hon. Senators: Hear, hear!

• (1410)

Senator Grosart: If I remember, I will take the opportunity later to make that compliment more specific. In the meantime, however, I must say I am less enthusiastic than he was about the merits of this particular bill—

Senator Perrault: Oh!

Senator Grosart: —and actually find myself almost in an opposite position to the very high praise that he gave to the federal government in the matter of federal-provincial relations. I will expand on that in a moment.

I agree with him, of course, that these large federal payments to the provinces, in whatever category they may come, are in many ways—to use his phrase—the cement of Confederation. However, it will be my duty to point out that as a result of federal government action at the time this bill was in passage through the other place, some very alarming cracks were observed in that Confederation in this respect.

Perhaps the best that can be said about the bill is that it was a necessary ad hoc response to an emergency situation which arose as a result of the fantastic increase in the oil prices brought about by the OPEC countries, and the very great increase in what have been called “windfall” revenues to certain provinces. We have been told by the government that those would have entailed an additional \$2 billion—Senator Lang explained this yesterday—in feder-

al government expenditures in this particular area of payment to the provinces, and that obviously that amount would have had to be raised by additional taxation.

I say that it was a necessary ad hoc response. It can also be said that at the time the bill was introduced there appeared to be fairly general acceptance of the provisions of the bill by the provinces—acceptance, but not necessarily approval. There are perhaps two major exceptions—one at either extreme of opinion on the necessity for the provisions of this bill. At one end there was the problem of Nova Scotia, which made the case that all additional revenues accruing from oil and gas revenues should be included in the calculations for equalization payments to the provinces. At the other end there was the position taken by Saskatchewan that this bill is, in effect, a refusal by the federal government to carry out a specific commitment made a few months before the bill was introduced. It can also be said for the bill, mercifully, that it is of temporary duration—temporary to the extent, of course, that it will cover only the remaining period of the arrangement made under the Federal-Provincial Fiscal Arrangements Act of 1972, which will run to the end of the 1976-77 fiscal year.

We also have the assurance of the Minister of Finance that steps have already been taken to begin discussions with the provinces on a much more permanent and better conceptual approach to this problem than that indicated by the bill.

Senator Lang used the word “conceptual” several times in his speech, and we all understand what he meant. He was saying, in effect, that it is important that there be a clear and permanent concept of the basis of payments to the provinces, particularly equalization payments. It has to be said that this is not a conceptual approach. It is an ad hoc approach, and understandably so under the circumstances, but it should not, in my view, be regarded in any way as adding anything to the basic concept of federal-provincial relations in this field. The worst that can be said is that there is a package of objections to the bill. In the first place, of course, it has been said—it is not necessarily a long-term criticism but it is worth emphasizing—that the bill introduces a completely new concept into the traditional concepts of payments to the provinces in this particular area of resources.

Up to the present time the concept has always been that all provincial resources which form the tax bases on which the equalization payments are based should be included. In some measure this bill excludes some, and in that sense it is a major departure from the conceptual platform on which this very important federal-provincial program has always been based since its inception.

I might say that in some respects it goes back even beyond the excellent history which Senator Lang gave us. We are all aware that it goes back to the very beginning of Confederation when there were statutory equalization payments agreed upon. These, of course, are still in effect and amount to some \$30 million of expenditures under the unconditional payments to the provinces.

It can also be said, as I indicated, that there is a clear suggestion of the federal government's going back unilaterally on a commitment it made, that in the case of oil and gas revenues which were put into a capital fund, or

sequestered, as the phrase is, for development and exploitation purposes, such revenues would be exempt from the calculation of the base for equalization payments. That was a clear commitment. I do not think there is any doubt about that. It was a commitment made by both the Prime Minister and the Minister of Finance.

The Minister of Finance explained why he felt it was necessary for him to change his mind, but it is not an entirely convincing explanation. He said at the time that Saskatchewan had indicated it would sequester some 65 per cent of these additional revenues, and that there was a suggestion Alberta might sequester 100 per cent, and, because there would be some uncertainty for the time being, the Minister of Finance decided that two-thirds of the additional revenues would be sequestered. It was definitely a reversal of a clear commitment—not a commitment made before the OPEC crisis but very shortly before the introduction of the bill.

It can be said, in criticism if not in objection to the bill, that one would be surprised at the rather gratuitous comment that the provinces should not be allowed in this particular field, and presumably in any other field, to benefit from the additional taxes that might come about due to inflation. I say it is gratuitous and surprising because if any entity in Canada has benefited from additional revenues created by inflation it is the federal government. However, that same government does not feel that the principle of benefit should be extended to the provinces. This is the same government, of course, that resisted the principle of indexing, which was proposed by the Conservative Party. To its credit the government acceded in due course. It seems to me highly gratuitous now to suggest that any benefits from inflation should not reflect in the revenues to the provinces.

Again, there is provision in the act for the sequestering, as I have indicated, of two-thirds of certain parts of the additional revenues, the windfall revenues. Yet, strangely enough, the federal government itself, in the various interventions it has made in this field, has not legislated to put aside a single dollar for the development of our oil and gas resources. This applies to the additional tax on gas to this bill, and it applies, as far as I can see, to the full government policy at the moment. The federal government has been concerned only with its own loss of revenues, and in no way with the major problem at a time when our resources are depletable and may be depleting fairly quickly. The government, in its own program, has not arranged through legislation to put aside a single dollar for this very important aspect of the problem.

It is important, I think, to put this bill in the whole context of federal-provincial payments. Honourable senators will, I hope, excuse me if I take a minute to attempt to do so. I am sure the Leader of the Government will, because on another occasion he showed that he himself, in spite of his vast information on many other things, had some lack of understanding of the methodology of federal payments to the provinces.

● (1420)

I remember that on one occasion I referred to the fiscal transfer payments as amounting in the present budget to \$2.4 billion. The Leader of the Government was at some pains to correct me and say that the correct figure was \$7.7

billion. He was partly right; yet I suggest he was wrong in fact, because I particularly used the phrase "federal fiscal transfer payments," which are classified officially as something within the whole spectrum of federal-provincial payments.

Of course, we are all aware that the purpose of all these payments is to support the provincial levels of services, whether they be conditional or unconditional payments, and through the provinces to the municipalities. The general context is this. The federal government, in the present budget, has estimated that it will pay to the provinces some \$7.7 billion this year. This will, of course, be increased by the present bill.

It is perhaps important to make it clear that this is an appropriation bill. It appropriates very large sums retroactively. I am sure that the Leader of the Opposition will, whether he speaks on the bill or not, have some reservations about the fact that it purports to commit federal spending into the very indefinite future, because the bill does purport to obtain from Parliament at this time a mandate to spend money next year and the year after. The bill is also retroactive. This is another feature some of us object to from time to time in bills. It is retroactive to April 1, 1974.

In this large area of the \$7.7 billion of payments to the provinces there are what are called conditional payments and unconditional payments. The unconditional payments amount to the \$2.4 billion figure, and the two major items in this bill, the two items that have been described by the government as two of the main pillars of federal support for the provinces, come within the category of the unconditional grants, amounting to about \$2 billion in the equalization payments and some \$340 million in the revenue guaranteed payments, those being two major areas dealt with in the bill. In the other area, that of the conditional grants, we have naturally very major items making up the remaining \$5 billion or more: hospital insurance, \$2.1 billion; Medicare, \$800 million; the Canada Assistance Plan, \$1.1 billion; post-secondary education, \$1.3 billion. I mention these figures because they are so closely related to the whole purport of this bill.

It may interest senators to have just a rough idea of the effect at the moment of these equalization payments. The purpose of the equalization payments is, of course, to assess the revenue potential of some 20 tax bases of the provinces, and from that to calculate equalization payments, which will have the effect of raising all provincial services in all provinces to approximately the same level. This has been achieved. The total per capita payments now have increased, as the Minister of Finance told us, from \$1 billion about three years ago to \$2 billion, for good and explainable reasons.

The per capita equalization payments in total now have risen from \$106 per person to \$197. In Newfoundland the figures have risen from \$215 million to \$371 million; in Prince Edward Island from \$224 million to \$410 million; in Nova Scotia from \$155 million to \$296 million; in New Brunswick from \$162 million to \$322 million; in Quebec from \$88 million to \$167 million; in Manitoba from \$68 million to \$122 million; and in Saskatchewan from \$112 million to \$127 million. In some cases this accounts for a considerable portion of the total provincial revenue. In the

case of Newfoundland, for example, this amounts to 58 per cent of all revenue raised provincially in that province. I make that clear, that I am not saying this is 58 per cent of the total revenue but 58 per cent of the revenue already raised by Newfoundland from provincial taxation. It was 57 per cent in Prince Edward Island; 46 per cent in Nova Scotia; 47 per cent in New Brunswick; and from 17 to 18 per cent for Quebec, Manitoba and Saskatchewan. That makes seven provinces. Of course, we are all aware that equalization payments are paid only to those seven provinces.

Senator Lang gave us a paean of praise of the federal government's generosity in this field. It almost indicates to me a degree of paternalism for which the recipient provinces should be eternally grateful to the federal government. The fact of the matter, of course, is that in effect these are transfers from three provinces to the other seven. The taxes are collected by the federal government, but I think Senator Lang may have had his tongue in cheek when he praised the federal government for this fantastic generosity in transferring some of the resources of three provinces. There is no question that those provinces do not object in principle, but perhaps he went a little far in his enthusiasm for his party at that particular time. And I make no comment on my qualification "at that particular time."

Honourable senators, what surprised me, when the bill went through the other place, was that it went through so quickly. There were two short debates—it was referred to committee in between, but I do not think the committee spent more than an hour on the bill—and it was passed.

I think the dates are important. The bill was introduced on first reading on March 21 and had second reading on June 2. It had third reading and passed on July 8. One would ask why there was not more discussion on the bill if it has some of the disadvantages that I am suggesting. The reason, I think, was obvious—because there intervened the mini-budget of July 23.

An Hon. Senator: June 23.

Senator Grosart: Yes, June 23.

Senator Flynn: It is not as late as you think.

Senator Grosart: Sometimes I wonder if it is not earlier than I think.

This upset the whole applecart, because there was fairly general agreement that, in the particular area of these unconditional payments, this was for the time being a reasonable *ad hoc* solution. But the mini-budget introduced a completely new concept, new conceptual values, into this whole area of federal-provincial payments. It is for that reason I suggested it was worthwhile looking at the whole context—because these dealt with two important matters, medicare and hospitalization, that is to say, the 50 per cent open-end grants to the provinces under these two particular categories of conditional grants. And quite rightly there was a response from the provinces which raised again the wonder of some of us that the present government ever dared to use the phrase "cooperative federalism."

● (1430)

I say that a decision of the government to announce the phasing-out of its position, the phasing-out or limitation of

its grants in hospitalization and medicare, was an almost fantastic piece of effrontery. Here, while this whole subject was being discussed, while the bill had reasonably easy passage, the government came along and said, "We are changing the whole concept. We don't care what commitments we have made in the past. We are not concerned;"—and it was the federal government which forced the provinces into the universality of these particular programs—"we have decided unilaterally, without consulting the provinces, to terminate and limit." And so the fat was in the fire.

It is clear from the evidence before us so far that the Minister of Finance did not consult the provinces before making these announcements. If he has consulted them, he has not said so, and, if I am wrong, I will be delighted to be corrected. On that point the Leader of the Opposition in the other place made the following statement:

I do not know how a Minister of Finance of Canada can expect a provincial treasurer to have anything but skepticism at best, and cynicism at worst, about any conceptual argument put forward on behalf of the Government of Canada, because there are instances... where the federal government has reversed itself and completely changed its position when it has become convenient and profitable to do so.

The point is that the federal government itself raised the whole question of its credibility in this field. The Leader of the Opposition in the other house was not the only one to express a view on this subject. The Quebec Minister for Social Affairs, who is responsible for health services, sent the following telegram to the minister:

I deplore the unilateral setting of a ceiling without notice of federal participation in medical insurance—the evolution of medical care cannot be carried out in such a short time-span and this federal decision causes major uncertainties in its administration by the provinces.

The Premier of Ontario stated:

Federalism, in its present practice, has become a one-way street. The Government of Ontario cannot stand idly by while the Government of Canada plucks the Ontario taxpayers and consumers in order to feather its own nest.

The following is an official statement of one of the opposition parties in the other place—it is a socialist party statement:

We are not prepared to see the gains won in the hospital and medical care field torpedoed by a government which wants to solve its immediate financial problems by taking this regressive step. Therefore, we think this bill should not be passed at this time.

And by "this bill" the reference is to Bill C-57. And they proposed a six-months' hoist, which, of course, was not accepted by the government in the other place.

According to the information I have, the present situation is that every single province in Canada has protested this amazing unilateral act. If we are talking of conceptual values, then we must weigh the fact that this particular action took place after the bill had had second reading in the House of Commons. We must balance that against any

praise there might be—and there is some praise—for the general overall results which it is hoped will accrue from this bill.

Senator Lang gave us an exhaustive explanation. I said I would compliment him specifically on this. My compliment is that the information he gave this chamber yesterday was far more comprehensive, far more useful and far more thorough-going than any information put forward by the government to date. Much of the information he gave us was not before the House of Commons, nor was it before their committee. I am not going to say that I wish Senator Lang was in the House of Commons—

Senator Flynn: Now, now. He is your friend, you know.

Senator Grosart: I was about to say that I do not know that he would not be in a better place if he were in the House of Commons, but I will hold that comment for the debate on the reform of the Senate. However, had he been there, I am sure this bill would have had much more thorough discussion than was the case, because he put actual figures of the effect of this bill before us that have not been put forward by the government previously.

He did tell us, when the order for second reading was called last Thursday, that he could not proceed until he had discussed the bill thoroughly with the officials of the Department of Finance. I am glad that he did, because the information is now on the record and will be useful in the assessment of this bill in the future. I am not saying that in a derogatory way; I am not saying that that information will in any way throw any further cloud over the government's credibility; on the contrary, I think the information that Senator Lang gave us will have the opposite effect.

He told us that the bill deals with two major aspects of federal-provincial payments; namely, the equalization grants and the revenue guarantee program. It is perhaps not necessary for me to go over the ground he covered so well, except to say that there is a distinction in the equalization payments between what are known as the "basic" and the "additional" revenues. The basic revenues are those that would accrue to the producing provinces before the OPEC situation developed, and the additional revenues are those which will accrue from now on. It is argued by the government, and I think with a good deal of validity, that these are revenues which would not normally have accrued to the provinces and which, certainly, do not reflect additional need in those provinces which are the recipients of equalization payments; but it is in this area, of course, that the government has made this major decision. Some have called it an arbitrary decision, but I am not myself convinced that that necessarily condemns it, since perhaps an arbitrary decision was necessary in this situation. The arbitrary decision was to say that some part of these revenues would be calculated in the equalization payments and that other parts would not.

It is interesting to see that Senator Manning is here. I would imagine that he will have some comment on this bill, because it is in this area that Senator Manning, in the years when he was Premier of Alberta, was perhaps the outstanding proponent of the concept that all provincial resource revenues from the oil and gas fields should be exempt from the equalization formula, which was rejected over and over again by the federal government. I do not want to anticipate any argument that Senator Manning

might make, but he did, as I read the record, make a very impressive argument that special consideration should be given to these revenues because they are of a wasting or depleting nature. It seems to me that the government has to some extent reversed itself on the hard position it has taken over the years.

In conclusion, may I say again that Bill C-57, is *ad hoc* and temporary, and I trust that it will achieve its objectives. It has been said that equalization payments were never intended to cover windfalls, but this again raises a very important conceptual problem about future decisions regarding resource windfalls, if that is what they are. Let us take Nova Scotia, for example. If there is a major oil discovery off the eastern coast of that province, are the revenues from that oil to be based on the "old" rates that existed prior to OPEC, or on a new "old" rate; that is, the going price of oil and gas?

● (1440)

The same might be said of other resources: hydro-electric power, which is to some extent itself wasting and depleting, or iron ore in other provinces. On a conceptual basis are we to look forward to the uncertainty of the equalization status of any provincial resource which happens suddenly to increase its value or price on the world market, and be subject again to federal intervention of this kind? To prevent that, I am sure we all hope that the Minister of Finance will push on with his discussions with the provinces so that we will have in the future a national energy policy, which we do not have now, and that we will have at least a broad permanent conceptual basis in this very important area of federal-provincial relations.

Hon. David A. Croll: Honourable senators, I must admit that I had some difficulty in understanding the full implications of Bill C-57, which we are discussing at the present time. I read the debate in the other place which gave me a somewhat better appreciation, but that was before I had the opportunity to hear Senator Lang last night who gave us a very clear exposition of the bill. Then I went back and I did something I very seldom do—I read his speech and it sounded even better on reading it.

Senator Flynn: What do you mean by that?

Senator Croll: Now that I understand the bill I am really troubled, as indeed we should all be, because to those of us who are concerned with this matter what Senator Grosart said is of considerable importance.

This bill, which passed second reading in the House of Commons back in March, with very little attention paid to it, took on a completely new light after the mini-budget of June 23, and the new "conceptual values" were available under any aspect you might care to look at. It affected the provinces in so many ways that on July 8 last the debate in the House of Commons concerned medicare, hospitalization and relations with the provinces. That is the aspect I am going to deal with today.

I shall leave the figures to the people with sharp pencils who understand equalization, and who know how to collect the money; I shall simply try to tell them how to best spend it. Let me just say at the outset that in the field of social welfare, and more particularly where medicare, hospitalization and health grants are concerned, what we are

doing today in the light of the mini-budget is turning back the clock.

Senator Flynn: Mini? Did you say mini?

Senator Croll: Well, perhaps not mini; just new.

Senator Grosart: It is a mean budget.

Senator Croll: I did not say that, but I do say that by implication it will affect practically all the relationships we have with the provinces.

My purpose today is really rather indirect, because there is another bill to be presented in the fall which will deal with medicare, hospitalization and various other aspects of social welfare. So today my purpose is to be what I would call a parliamentary picket, to let the people know, to warn them, to give notice and alert them, and to enter a caveat that I disagree with the purpose of the mini-budget and the effect it will have upon relationships with the provinces, particularly insofar as they concern the social welfare programs in this country. I am, of course, hoping that there will be other parliamentary pickets, and still others outside of Parliament, who will join in a peaceful but very purposeful attempt to indicate to the government that they are going off course.

As Senator Lang said, the bill deals with two aspects of federal-provincial relationships, but the relationship as between Ottawa and the provinces has radically changed by virtue of the statement made by the Minister of Finance in his budget speech on June 23.

The Leader of the Opposition in the other place and the NDP spokesmen dealt with the effect upon the social system, and deplored it, as I do. The Leader of the Opposition used the term "betrayal," and Mr. Tommy Douglas for the NDP said the government was "sabotaging medicare." As far as my own views are concerned, they are somewhere in between.

Senator Flynn: We always knew that.

Senator Croll: To the effects of that mini-budget, we now have added the effects of the mini-budget of the Government of Ontario, and the threats emanating therefrom. In this connection I should like to read you a few words from the *Ottawa Citizen* of July 12:

Mr. McKeough said he is sick and tired of Ottawa initiating shared-cost programs and then leaving the provinces to "carry on with reduced federal support." It won't happen again, he said.

There are 65 shared programs between the provinces and the federal government, with some of them being less important than others, but nevertheless, as Senator Grosart said, all the provinces have spoken in the same tone and to the same effect, and they are all feeling the same way. Keeping in mind that something we all want for this country is unity, and that that unity is vital for Canada, then one way of attaining that unity is by implementing common standards and common levels of health services across this country. The Liberal government until now has at times insisted, in some instances influenced, and sometimes has even compelled, national standards in the field of health and social welfare, old age security, the guaranteed income supplement, the Canada Pension Plan, medicare, hospitalization, and health care. Of these Ottawa has

[Senator Grosart.]

always paid half the cost, and it was not always easy for the provinces.

This brings to mind the statement made in 1950 by a well-known premier, Joey Smallwood of Newfoundland, who spoke for the provinces when he said: "We can't turn down worthy programs when Ottawa is paying half the cost, but this doesn't mean we can afford the other half." I am not suggesting that my party has turned its back on the social security system, but it is looking away from what I consider to be its greatest achievement—medicare.

● (1450)

Allow me to give you a quote:

Health is not a privilege tied to the state of one's bank account, but rather a basic right which should be open to all.

The speaker was Allan MacEachen, the Minister of National Health and Welfare, and the date was July 12, 1966. Now, medicare, hospitalization and the health services cannot be sacrificed to our immediate financial problems. These problems come and these problems will go away, but medicare as a need and as a benefit will be with us from this day on. I have a particular affection for medicare.

If you do not mind, I will take a minute to tell you a story which you will find interesting. Medicare for me dates back many years. I was present when medicare was conceived, and I was present when it was achieved. The time lapse was 50 years. During those 50 years I nurtured it, supported it, and spoke on it perhaps a thousand times on a thousand different platforms, with ultimate success. In my opinion it is untouchable. Let me tell you how it came about.

Windsor is my home and I lived there during the first 40 years of my life, having arrived there at five years of age. I went to law school in Toronto, which was the only school there was at the time, and was active in college politics on the Liberal side. In those days we only knew two sides—Liberals and Conservatives. If a person was anything else, he was not recognized—in any event, there was not anything else. A Liberal convention was to be held in Toronto and, as usual, the riding organization had no money to send a delegate down and I was asked to be its delegate. I remember very well being the delegate from the riding and, as I said, I had been active politically. The meeting, as I recall, was held in the Foresters' Hall on College Street in Toronto in 1919, or perhaps 1920, when Mackenzie King introduced a resolution on national health insurance. You will appreciate that as far as I was concerned at that time it touched the hem of heaven. National health insurance—it was imaginative, and I was completely elated. I was very pleased when in 1969 I sat in this chamber and the bill which I had advocated throughout these many years was passed. I have always looked upon medicare as the diamond in the diadem of the great social mosaic of this country.

The social security system was built carefully, step by step. It began in 1925, with the Old Age Security Act, although we did have an annuity act in 1908. In 50 years we have built one of the best social security systems in the whole world. With the introduction of the guaranteed income for the working poor, which I hope will come soon,

we will all have reason to be proud of what we have been able to achieve in 50 years. It has been a worthy concept.

Sometimes under these circumstances, when you have an opportunity to discuss it with those of us who have lived for many years, you must recall why we came here. I know why I went into public service. I remember from away back and I have not changed, because my dream was a just and compassionate society with national unity.

As I said, we built it step by step, slowly and meticulously, and it became the hallmark of Liberalism as far as I am concerned. It was our political calling card, and other parties contributed. We have now one of the best health services in the world. Would the Americans not love to be able to say that they had medicare for their people at the present time, for all of them, rather than what they have? To me and to all of us it is a matter of national pride and to proceed in any way at all that may erode the service would be a step backward.

What is contemplated by the mini-budget, in my opinion, may erode medicare. It certainly will diminish it; it will reduce it, both as to quantity and quality. It is wrong in concept; it is divisive in practice and, in my opinion, it is wrong, wrong, wrong, a thousand times wrong, for as far as I am concerned medicare is sacrosanct. Our medical benefits apply equally to all Canadians, no matter who they are or where they are. They are the envy of the world. They are very good, and we ought to be making them better. However, we have yet a distance to travel in order to achieve denticare, pharmlicare and legicare, which are all for the future. To limit ourselves, and declare that this is as far as we can go at any one time, is not at all the manner in which to deal with this very pressing problem. To cut the costs by making someone else pay them is only shifting costs. That is not efficiency, and it is not even fair play.

If Prince Edward Island can afford medicare, Ottawa can afford it. If Newfoundland can afford medicare, Ottawa can afford it. Both of those provinces assert that they can afford it, as do all the provinces. We are more particularly concerned with those provinces which are less rich. All we can possibly do if we follow the lead set forth in the mini-budget is to pass on the burden of health to the poor people who can least afford it. This involves giving them an inferior health service and raising the premium or incorporating deterrent fees. It is interesting to note that the British did not establish their deterrent fees until almost 50 years after their act came into effect, which was in 1914. Ours has been in effect for less than 10 years.

It is clear enough from Mr. MacEachen's statement made in 1966, which I read to you and with which we all agree, that medicare by purse was never intended. Health care in all its aspects is a continuous war against the unknown, from which none of us is immune. It is a preventive war, and it has to be defensive. It is on a continuous 24-hour-day basis.

● (1500)

I said earlier that in my view medicare is untouchable. Costs for all things go up, and costs for medicare will go up. But regardless of the cost of medicare, we have got to go first class. A country that is going to spend about \$1 billion of Canadian wealth on the Olympics can afford medicare, first class.

Two entertainers gave performances at the Maple Leaf Gardens in Toronto a month or so ago, and left this country with \$200,000. Of course, they had something taken off for taxation. Can we really claim that we cannot afford this very basic need?

None of us has forgotten what a lengthy illness used to do to families. All of us can recall what catastrophic illness did to generations of Canadian families. It pauperized and "poorized" people until medicare came along. It ill behooves us to save money by endangering lives. We say, "We have to take it easy, we have to go slowly, we have to wait." We badly need medicare and similar services, and hard days should not be inflicted upon those who can least cope with them.

When we first started on our social welfare program we thought it would be a method of redistribution of wealth. If we look at the statistics we will find that for about four or five years it did redistribute wealth. Then we were back to where we started. Why, I do not know. I do not think anyone knows why. The first half of the century was given over to the thought of making a just and compassionate society, and we all worked for it. We had a mission before us, and we have a mission before us now. That mission is to see that there is a redistribution of wealth in this country, and one of the ways of redistributing wealth is by providing ample social services. We may cut down in other ways, but the provision of social services should always be before us.

The gap between the rich and the poor has worsened. The share of the total income going to the poorest 20 per cent of the population dropped from 4.4 per cent in 1951 to 3.6 per cent in 1971. In the same period the share going to the richest 20 per cent of the population rose from 42.8 per cent to 43.3 per cent. Although the figures to date are not available, it appears that the rich are still gaining.

One of the things we should ask ourselves, in the quiet of the day or the night, is why we have made excuses for not spending more on the poor. Our excuses do not wash. For 20 years there has been extraordinary growth in this country, with increasing affluence for the average Canadian. We have had money to spare, but we have been unwilling to spend it on others whose need is greater. It was not the means that we lacked; it was the will. Yet in the first serious downturn of our economy we pick on the poor and the helpless. We did not give it to them when we had it, and we have no right to ask them to be the first to be sacrificed.

Good health is expensive. Yet, we have to go first class, or human casualties will be heavy. Health costs are rising, but the cost of everything is rising. One of the reasons for the increase in costs is that we have found it hard to say "This is it!" We still lack denticare, pharmacare and legicare, and other forms of care. When we complete the mosaic, that will be the time for us to evaluate. At present we are moving much too quickly to take advantage of those who can least defend themselves.

My purpose in speaking today is not to influence honourable senators with regard to the passage of this bill, because it will pass, but to influence their thinking when they deal with a medicare and hospitalization bill some time in the fall. I speak in the hope that the government and others will have second thoughts on this matter. The

government is going the wrong way about it, and the stakes are too high. I hope the government will give this matter its consideration.

Hon. Raymond J. Perrault: Honourable senators, I had not anticipated speaking this afternoon. We have all listened with great care and attention to the compassionate appeal directed at us by Senator Croll, who has established an enviable reputation in all areas affecting the welfare of Canadians. We are grateful to him for his remarks.

I rise to provide certain assurances, not only to Senator Croll but other honourable senators who may be concerned about what has been construed to be a "trend" in this so-called mini-budget, which appears to go against the great program of reform, of extending human advantages, which has been characteristic of this government and predecessor Liberal governments.

It can be said that the government has, for the past five years, expended a great deal of effort to evolve a formula for putting some reasonable degree of control on the escalating costs of hospitalization, medicare and education. In some parts of Canada those costs are almost out of control. None of us can be unmindful of the fact that the national health program in Great Britain today is on the verge of bankruptcy. The situation in Great Britain is alarming. A number of commentators have stated that one of the causes has been the unwillingness to look at the plan squarely and objectively in past years, and attempt to make it more efficient. Now disaster is looming—substantial problems for millions of people in Great Britain—because obviously there will have to be a cutback in services.

A number of formulas have been advanced in this country to make medical and health programs more efficient. These have included incentives to the provinces to improve the efficiency of their medical deliveries. This government is not of the view that it simply fills in the amount on the cheques and sends them back to the provinces saying, "Look, whatever you want to spend on hospitalization or medicare is all right with us; we will pay 50 per cent. You send us the bills and we will send you the cheques." I suggest to you that it would not be acting in the best interests of Canada and Canadians, or the taxpayers of this country, to have that kind of loosely structured, irresponsible approach to hospitalization and medicare in this country.

● (1510)

Senator Grosart: It has taken you a long time to find that out.

Senator Perrault: The use of home clinics has been advanced by the federal government, the use of clinical supervision as opposed to acute hospital treatment for every type of malady. The fact is that in parts of Canada today there are thousands of patients occupying acute care beds at enormous per diem costs. Some of these people should be in chronic care facilities where they would be looked after just as well, if not better, at less cost. To this time, it has been very difficult, in some instances, for the federal government to initiate cooperative endeavours with the provinces to bring about the type of basic reforms in health and hospital care that we need. Acute care beds should be for people in acute need of medical attention—

[Senator Croll.]

those in need of round-the-clock, highly skilled medical services. As I have said, there are thousands of people in Canada today occupying acute care beds who would be just as well or better off in chronic care facilities. Many of our older people are living out their lives in desperation in private nursing homes, some of which simply cannot provide the quality of service to which these senior citizens are entitled. It is not the direction of government policy to withdraw anything. Rather, it is an effort to deliver more efficiently the humanitarian services required by people in all parts of this country, and to assist those people in greatest need.

The use of paramedical services, when they can be safely used instead of the services of doctors, is an area into which some of the provinces have been very reluctant to move. Yet the use of such services is characteristic of medical services in many parts of the world today. It is shocking to realize that there are parts of Canada where there is an absolute shortage of doctors. You know those areas, and I know them. It is impossible, for example, for citizens in certain communities in this country to get dental care and medical care although their taxes have helped to pay for the training of Canada's doctors and dentists. They are entitled to a better deal from governments at all levels than they are getting.

The distribution of services must be improved. There are remote areas of Canada where no dentists are to be found. To cite one example, the last dentist moved out of one of our communities in northern British Columbia a few months ago. We have to do something about this situation federally and provincially, and if it means sending paramedical teams to some of the more remote areas of Canada—trained people who can diagnose and treat illness and then, if necessary, direct the people in need of more professional care, more advanced care, to centres where that care is available—then we should establish that kind of service.

But the federal government is doing no service to the taxpayers or the ill people of this country merely by unquestioningly filling in blank cheques and shipping money out to the provinces. This is the essence of what this particular aspect of the so-called mini-budget is all about when it talks in terms of re-assessing the federal relationship to hospital and medical care in this country. We are going to continue to cooperate with the provinces—and I say this on behalf of the government—but to help contain the escalation of health costs within the growth of the economy as a whole. I am proud of the fact—and I think we are all proud of the fact—that Canada has one of the best hospital programs and medical care programs in the world. We need not apologize for the standard of care which we have established, although much remains to be done.

In recent years, this country's health care costs have grown at a rate well above the rate of growth in the economy as a whole.

Senator Grosart: So has federal government spending.

Senator Perrault: The rate of increase in federal government spending has not been nearly as great as it has been in the province of Ontario, which has been under Conservative direction for so many years.

Senator Grosart: Not so.

Senator Perrault: When we review the way money is being spent on health services in Canada, when some people in government question the efficiency of programs, such as the Unemployment Insurance Program, that is not to say we are attacking the poor, those who are indigent, or those who are in need of health care.

Senator Flynn: Or work.

Senator Perrault: The government, I think, has a right and a duty to look with a critical eye at all of these programs to make sure that every dollar spent is directed as efficiently as possible to those who really need help. That is the essence of it. If we do not do that, then we are guilty of a great disservice to the people of Canada.

Senator Grosart: It must have been that way for years.

Senator Perrault: We in government believe that without reducing in any way—I repeat, without reducing in any way—universal, complete hospital and medical services to Canadians, wherever they live, we can re-examine these programs. We can look at them, and assess their value and their efficacy. The Minister of National Health and Welfare will give that undertaking again when the appropriate bill comes before Parliament in the near future.

I repeat, without derogating from the principle of complete and all-embracing medical and hospital costs, we believe there are more efficient and less costly ways of delivering these services to the people of Canada. I think there are very few taxpayers in this country who would disagree with that approach. Surely, the activity of government is not to give a blank cheque to medicine, to management, to labour, to agriculture, or any other sector of society, especially at this time when we have inflation and when taxpayers' dollars have to be expended as efficiently as possible.

I want to assure honourable senators that while all of us must be concerned about those less fortunate in society, and those in legitimate need of assistance, whether in the area of unemployment or health delivery, and so forth, there is no intention on the part of the government to march backwards. The intention is to march forward, and to march forward with dollars marshalled to provide the needed services for Canadians, wherever they live in this country. Some of them are not getting the standard of service and efficiency to which they are entitled as Canadian citizens and taxpayers.

In a few weeks from now, the Minister of National Health and Welfare, the Honourable Marc Lalonde, will bring proposals before Parliament. I think those proposals will definitely put to rest any fears that any honourable senators may have felt this afternoon about the proposal before us.

Hon. Daniel A. Lang: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Lang speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Lang: Honourable senators, there is nothing further I wish to add.

Senator Croll: That is the best speech made today.
Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Lang: Honourable senators, I assume it is the wish of the Senate that this bill be referred to committee. I might point out that when the original bill was before this chamber it was referred to the Standing Senate Committee on Banking, Trade and Commerce. In the present circumstances—namely, the time limitation under which we are working, the availability of committees and the precedent we have in this regard—I move that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

● (1520)

OLYMPIC (1976) ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jean-Paul Deschatelets moved the second reading of Bill C-63, to amend the Olympic (1976) Act.

He said: Honourable senators, this bill is an amendment to the Olympic (1976) Act that we passed two years ago. I should like at the outset to make it perfectly clear that the present bill, which amends sections 3 and 4 of the Olympic (1976) Act, does not change, directly or indirectly, the written and clear agreement reached originally between the Government of Canada, the Government of Quebec, COJO and the City of Montreal.

Honourable senators will remember that when I sponsored the Olympic (1976) Act in July, 1973, I tabled copies of three letters, which appeared as an appendix to the *Debates of the Senate* of that day. These letters show in the clearest terms that, apart from the specific programs covered by the Olympic (1976) Act, COJO, the City of Montreal and the Government of Quebec cannot expect any direct financial contribution from the federal government before, during and after these games if ever the expenditures exceed the revenues. In other words, one of the conditions under which the federal government passed the Olympic (1976) Act was that under no circumstances would it accept responsibility for any deficit, or difference between the expenditures and the revenues resulting from these games.

That having been said, Bill C-63 must be considered in the same light. It is an extension of the coin selling program; the addition of gold coins on the market will work along the same lines as the silver coins, and in fact will not cost the federal Treasury one cent. However, the net profit for COJO—I am always afraid of venturing to speak about profit or deficit—is expected to be in the neighbourhood of \$25 million if this gold coin sale venture works as is hoped.

Honourable senators will remember that under the original budget presented by COJO, the expenditures forecast amounted to around \$310 million, of which \$250 mil-

lion was to cover capital costs and \$60 million operating costs, excluding of course the cost of the Olympic Village.

With respect to revenues, it was generally expected that about \$20 million would come from ticket sales, TV rights and so forth, and that most of the revenue would flow from the sale of commemorative coins and stamps. It was reasonably confidently felt that more than \$250 million could be obtained from this program of coin sales. It is to be noted that for the Olympic Games in Munich, the revenue from coin sales was about \$230 million, but it was found from our experience that the market in Germany is not similar to the Canadian market.

Under the Olympic (1976) Act there are also, of course, the lotteries, whose results were not expected to be what have been achieved. It must be said that the results have been tremendous. For the information of senators, may I say that for the last lottery about six million tickets were sold at \$10 a ticket, producing a revenue of \$60 million, and about 40 per cent of this amount went to COJO as net profit.

Senator Flynn: Is that \$28 million?

Senator Deschatelets: It is \$24 million or \$25 million. If the costs and expenditures could have been kept at the level forecast in the original budget presented by COJO, the present bill would not have been necessary. Because of the tremendous installation costs and operating costs it is perfectly clear today that unless new programs are put into operation there will, at the end of the line, be a deficit, or whatever you like to call it, of at least \$300 million between the total costs and total revenues.

Senator Croll: What would you like to call it?

Senator Flynn: A difference.

Senator Deschatelets: Let us call it a difference, or, as Mayor Drapeau would say, un écart, the meaning of which in English I do not know.

Except from what I read in the papers—it might be the same for other honourable senators—I have no specific information or knowledge of any reason or facts that can satisfactorily explain the tremendous increase in the cost of these games. Your explanation is as good as mine. It is reasonable to think, however, that general inflation, the several strikes that have hit Montreal and the Quebec territory, coupled with very low productivity on the working site, are some of the reasons, plus—

Senator Flynn: Inflation.

Senator Deschatelets: —the fact that because of the target date of July 1976, the public tender system had to be put aside. At any rate, honourable senators are aware that all details of costs and expenditures are now being examined in depth by a parliamentary commission of the Assemblée Nationale in Quebec, reports of which appear in the papers these days.

● (1530)

Honourable senators, the cold fact is that other sources of revenue must be found. That is the reason for the introduction of this bill. Section 3 of the Olympic (1976) Act is therefore amended by this bill to permit the issue and sale of gold coins of \$100, commemorating the Olympic Games and bearing the date 1976. I think one of the

[Senator Lang.]

purposes of this is that after the Games this will be the end of this program.

Like the silver coins now on sale, these gold coins will be legal tender if made for payment of an amount not exceeding \$100, but for no greater amount. It is therefore a complementary program to the existing one and will be operated along the same lines as far as marketing is concerned.

It is proposed to strike or mint two gold coins, one which will contain half an ounce of gold and intended primarily for the numismatic market, for those who collect coins as a hobby or speculation. These coins containing one half ounce of gold will be treated carefully by the Mint with special striking and polishing. The cost of the gold will be the market price at the time of production, and not \$42 per ounce, which is the official price.

Senator Flynn: What is that?

Senator Deschatelets: As honourable senators know, there are two gold prices, the official price of \$42 an ounce, and the price on the free market, which might be \$160 today and \$170 tomorrow. The gold for the making of these coins will come from the Treasury, but at the free market price on the day the coins go into production. This means that the \$100 coin containing half an ounce of gold will have a value in gold of \$80 if the price on that date is \$160 an ounce.

Senator Flynn: It will sell for how much, \$135?

Senator Deschatelets: Nothing has been decided so far. I am reluctant to go into these details, but I might try to guess. The coin containing one-half ounce of gold might sell for about \$158. This is a guess. The other coin, which will contain a quarter of an ounce of gold—and of course the weight will be less than the other and there will be a difference in the polishing—might go on the market for a little above \$100, perhaps \$115. But that is only a guess; do not ask me to justify this.

Senator Flynn: Its market value would be only \$40 in gold?

Senator Macdonald: It will be legal tender.

Senator Flynn: I know, but on the free market it would be worth only \$42.

Senator Deschatelets: In terms of value of gold, that is right. The second coin, which will be a circulating coin, will be a little different from the other—in weight at least. The legislation passed in 1973 set a maximum of \$450 million as the total amount of all Olympic coins issued or sold, and it is to be noted that this maximum remains unchanged under the bill before us. This includes the whole coin program, including silver and gold coins. In other words, should the sale be what we hope and should it reach \$450 million, the federal government will not issue any coins beyond that amount.

This additional coin program will not cost the federal Treasury a cent, and only the net proceeds will be paid to COJO. In fact, the gold coming from the Treasury at \$42 per ounce will sell at the free price, around \$160, and this will represent, in the conversion, a surplus of about \$20 million for the Treasury. But I leave it to you to figure whether this is a real profit or not. At any rate, one thing

is sure—there will be no loss. This program will not cost us one cent.

Senator Flynn: Could it not be arranged that all government programs wouldn't cost us a cent?

Senator Deschatelets: My honourable friend may think I am speaking as Mayor Drapeau speaks. I am limiting my remarks to the gold coin program.

The second feature of the bill is an amendment to section 4 of the Olympic (1976) Act, which grants the Olympic Games Organization Committee exclusive rights in trade marks and copyright. This amendment will provide COJO with the legal protection necessary to carry out its licence granting program. It is expected that a sum of \$20 million to \$25 million might be derived from this source. I am told that they have already received about \$15 million through the sale of these trade marks, and so on. I must say that this protection on trade marks and copyright is completely similar, if not identical, to the clause in the act covering Expo 67.

Senator Choquette: May I ask at this point what is the design to be? Has it been chosen? Is it the same as on the 50-cent piece? What is the picture on it? Is it going to be just one standard? Can we be told about that?

Senator Deschatelets: I should be in a position to answer such a question, and if my good friend will wait I will provide him with the information during the course of this debate. I know that both coins will have the same design, but the weight of one coin will be greater than that of the other. I would like to have a complete answer, and if my friend will give me time I will answer it later.

● (1540)

Honourable senators, beyond the support to the Olympics of the revenue-generating programs, it is fair, I think, to point out the support which has been provided by the federal government through normal programs involving about 30 different departments and agencies of the federal government, without which these games could not take place. Let me mention briefly the following programs: (1) assistance to Canadian athletes through the Department of National Health and Welfare for grants which represent, for this year only, \$2 million. (2) funds for training of competent officials and judges and other programs by Canada Manpower Centres which will cost an estimated \$1.6 million. (3) under the auspices of the Department of the Environment, and through the Department of Public Works, works have been undertaken at Kingston to provide a breakwater and to deepen the harbour for the Olympic sailing events. This will cost at least \$800,000. (4) planning is underway by the RCMP and provincial and municipal police departments as well as the Department of National Defence for security arrangements for the duration of the Olympics. The total cost for the security should reach about \$80 million involving approximately 10,000 men, primarily from the RCMP and the Department of National Defence. (5) \$1 million has been approved for the Department of the Secretary of State to allow for travel, accommodation and performance of Canadian artists who will participate in a cultural festival to be held simultaneously with the Olympics. (6) the federal government will also spend \$25 million by way of supplementary funds to the CBC, the host broadcaster during the Olympics. The

broadcasting of the events will cost approximately \$56 million. The difference will be paid by COJO and foreign broadcasters. (7) at COJO's request the National Film Board will produce the official film of the 1976 Olympic Games. The National Film Board will spend about \$300,000 of its budget for that purpose. That film will be used for social, cultural and educational purposes. (8) the cooperation of Central Mortgage and Housing Corporation in the construction of the Olympic Village where about 10,000 athletes and officials will reside during these games.

[Translation]

Honourable senators, I have just given you the most rudimentary information on this bill. I read *Hansard* concerning the debate in the other place, as well as the report on the committee stage.

I believe I can say that, with regard to the official Opposition, they agreed on the principle of the bill but that the discussions bore only on the technical aspects involved in issuing the two Olympic coins.

I do not know whether honourable senators wish to send this bill to committee. We will hear whatever they may have to say. If some feel that it might be a good idea to do so, then I shall act accordingly at the end of the debate.

Honourable senators, I submit this bill to your attention. Personally, I believe we should pass it because, in fact, it will cost the government nothing, nor the Treasury; yet, on the other hand it may bring COJO some \$20 million of which, it would seem, it is in dire need.

Senator Flynn: May I put a question to the mover of the bill?

Did he have the opportunity of meeting Mayor Drapeau last week, and did the Mayor give him either arguments or information that might be useful to this bill?

Senator Deschatelets: The answer is no, neither here nor elsewhere.

[English]

Honourable senators, I should now like to reply to a question of Senator Choquette with respect to the design of the coins. The designs have not yet been selected. They are to be commissioned as soon as the bill receives royal assent. With respect to the size of the coins, the "proof-like," consisting of one-half ounce of gold, will be one inch in diameter and .075 of an inch thick. The "circulating quality," consisting of one-fourth of an ounce of gold, will be 1.1 inches in diameter and .067 of an inch thick.

Senator Buckwold: If I may ask a question, what quantity of gold in ounces is it estimated will be required for this program, and what effect will the presumably large market demand have on the price of gold in terms of the world price of gold? Does the mover of the bill feel that this could have a serious impact on the long-term economy of the country?

Senator Deschatelets: Honourable senators, it would be difficult for me to answer that most important question at the moment. If my honourable friend will allow me, I will take his question as notice and I will compile as complete an answer as possible for tomorrow. Is that satisfactory?

Senator Buckwold: Yes.

On motion of Senator Macdonald, debate adjourned.

[Senator Deschatelets.]

AGRICULTURAL STABILIZATION ACT

BILL TO AMEND—SECOND READING

Hon. J. J. Greene moved the second reading of Bill C-50, to amend the Agricultural Stabilization Act.

He said: Honourable senators, I will not fall into the same pit one of my honourable colleagues fell into a while back by saying that this is a simple bill, but I will say that there are no momentous changes in it. This is essentially the act originally propounded in the other place under the administration of the right honourable member for Prince Albert. Whatever may have been the shortcomings of that administration, this act was not one of them, and that administration deserves a great deal of credit for having promulgated it in 1958. This time we are attempting to bring the terms of that act up to date in keeping with the needs of the agricultural community and the Canadian public in general.

● (1550)

One thing that does disturb me, honourable senators, about measures which attempt to assure the stability and economic well-being of our agricultural community is that they are ever stigmatized, particularly in the metropolitan press, as providing a handout to the farmers. I suggest that nothing could be further from the truth. Those who have the greatest interest in a sound and healthy agricultural community are the consumers, the urban dwellers. Without a sound, efficient and thriving agricultural community, the cost of food would soar well beyond even that which is the case today. So it is the consumers of Canada who benefit most if the agricultural community gets a just award for efficient productivity.

If the great farm lands of this country gradually become uneconomic for farming, and they are turned into industrial, commercial or even residential land, then I suggest it will be the urban dweller—the consumer of agricultural products—who will suffer the most. In a larger sense, surely more than ever, the words of John Donne are true—no man is an island, and no country is an island. If there is one person in this whole wide world short of food, then surely we, who are blessed with unbounded resources in agriculture, including the most efficient agricultural producers in the world, have a duty to produce, and to see to it that our agricultural community has every incentive to achieve the greatest productivity so that the needs of the world at large for food may be met.

Honourable senators, the instability of farm gate prices has always been a source of worry and frustration to Canadian farmers. Fluctuating prices make it hard for the farmer to plan ahead. Too often top prices in one year are followed by rock bottom prices in the next.

Instability of prices, I suggest, is also a source of frustration for the consumer. Everyone likes a bargain, and it is nice to go into the store one day and find that egg prices have dropped, or that carrots or potatoes are at an especially low price. However, I submit that the consumers are intelligent enough to know that their best long-term interests lie in stable food prices which allow the producer to make an honest dollar on his investment and from his labour.

The legislation we are dealing with today is a major advance in national farm policy. It is also a solid plank in

the national food policy, which is one of the commitments of the federal government as outlined in the Throne Speech.

As I said, serious efforts to stabilize the agricultural industry began in 1958 with the passage of the Agricultural Stabilization Act, and the formation of the Agricultural Stabilization Board to administer that act. That act and that board, I think, are a monument to the then Minister of Agriculture, the Honourable Douglas Harkness, who deserves a great deal of credit for bringing this measure into law.

Senator Grosart: Hear, hear!

Senator Greene: Thanks to the dedication and foresight of the members of that board over the years, the act has been made to work well in the interests of Canadian farmers and Canadian consumers. It has taken some of the ups and downs out of prices, has helped to give farmers a stable income, and consumers a reliable supply of agricultural produce from the farms of Canada.

The present period of international economic uncertainty and inflation, both at home and abroad, makes the need for stability in the agricultural industry that much more important. The legislation we are dealing with today, Bill C-50, an act to amend the Agricultural Stabilization Act, is a response to the need for a more flexible and effective tool for providing farmers with the assurance that they will be able to meet their costs of production.

Since this legislation was first introduced last February it has been the subject of considerable and very lengthy debate in the other place, in committee, and in the press, so I am sure honourable senators are well aware of its contents. I would just like to summarize its major provisions, and perhaps make one or two comments on their significance.

As all of us are painfully aware, prices in recent years have been going up at an alarming rate. This has hit the farmer in two ways, for he must not only buy the normal consumer goods that all of us purchase, but he must buy the materials necessary to run his farm operation—live-stock feed, fertilizers, pesticides, bailer twine, machinery, and fuel to run those machines. So the first and most important change that Bill C-50 makes is to attach a cost of production formula to the base price of each commodity to which the stabilization program will apply.

Secondly, and of equal importance for the same reason—that is, inflation—the support price will be 90 per cent of the weighted average price over the previous five years. Honourable senators can readily see, I think, that the previous formula, which was 80 per cent of the average over the previous ten years, would, in a period of inflation, leave the farmer with an unrealistically low support level. Some suggest a shorter period of, say, two years, on which to formulate the support level. Such a measure could find the farmers faced with a support price based only on the bottom figure of a price cycle. I should point out that the 90 per cent figure is not the maximum support level, but the minimum. The nine major commodities named in the act must be supported at not less than that level. Higher support levels can be set under the act where conditions warrant it.

I referred to the nine commodities named in the act. These are cattle, hogs, sheep, industrial milk and cream, corn and soybeans, and oats and barley marketed outside the jurisdiction of the Canadian Wheat Board. This is a slight change from the present act. Eggs have been deleted because they are adequately covered by the supply management program operated by the Canadian Egg Marketing Agency, which functions under the Agricultural Products Marketing Act. Butter and cheese are now included under the general heading of industrial milk and cream, a change which gives the Canadian Dairy Commission more flexibility in administering its dairy support program. Corn and soybeans have been added because these crops are taking on an increasingly important role in the feed and oil industries.

Wheat outside the Canadian Wheat Board's jurisdiction has been deleted, honourable senators will note, because producers of wheat in Ontario, Quebec and the Maritimes now are assured of a minimum price under the Two-Price Wheat Act. That act has already been put to work.

Last week the Department of Agriculture forwarded some \$17 million in subsidies on grain sold for domestic milling. Although the money goes to the farmers, it is in reality a consumer subsidy. By fixing the price of wheat at \$3.25 a bushel to the miller, the consumer is assured a stable price for bread and other bakery products.

● (1600)

Oats and barley are included because, under the new feed grain policy, much of that grain formerly sold only by the wheat board is now sold on the open market.

I would like to stress here, honourable senators, that this act is not limited to those commodities named and which I have enumerated. While the government must support those commodities, the act provides the flexibility for support programs to be applied to any farm commodity whenever conditions indicate that stabilization is necessary.

Flexibility is one of the key items in this legislation, and there are three other ways in which its flexibility will work to the benefit of Canadian farmers.

First, there is flexibility in the operation of the plans. It provides for provincial and/or producer participation in the programs to suit the type of support scheme to the special needs of the producers.

Second, this act now allows for regional stabilization programs. While programs for nationally produced and nationally marketed products must of necessity be national in character, there are some commodities which have a regional market. It would be unfortunate, for example, if Eastern potato growers were denied a support program just because Western producers were enjoying a good year; or if British Columbia apple growers could not get help just because Nova Scotia growers had marketed their crop at good prices.

Third, there is now flexibility in the type of support programs that may be used. Although it is anticipated that deficiency payments, purchase programs and direct payments to producers will remain the most common means of stabilizing prices, the government, under this bill, will have the flexibility to use other means if they seem desirable.

In closing, let me just say that this legislation will mean that commodities representing 88 per cent of all farm cash income will be covered by some type of government support. These programs are designed to encourage efficiency and productivity. We want no part of subsidizing inefficiency, and neither do the Canadian farmers.

Canadian farmers are among the most efficient and productive in the world. The stability that this legislation will bring to the industry will encourage them to do the long-range planning and investment that will make their operations even more efficient, to the benefit of the consumer and the benefit of a world very badly in need of food.

Honourable senators, I respectfully suggest that if this bill receives second reading it should be referred to the Standing Senate Committee on Agriculture, where I hope it will receive thorough examination and swift passage so that the Canadian farmer may get the benefits of the 1958 legislation extended to cover his 1975 needs.

Hon. John M. Macdonald: Honourable senators, I am sure we are all grateful to Senator Greene for his clear and concise explanation of this bill. Actually this bill has had rather a long and difficult passage since it was given first reading in the House of Commons back in February of this year. There has been a great deal of discussion of it; many speeches were made on every stage. The Agriculture Committee of the House of Commons met 16 times to discuss it. After going over the provisions of the bill it is rather difficult to see why these amendments should have generated such discussion because, as was mentioned by the sponsor, the provisions are clear and there are not too many changes from the original act. Indeed, the bill consists of only seven clauses, and these are mostly for the purpose of bringing up to date the provisions of the Agricultural Stabilization Act as passed in 1958.

In order to see just what that act was meant to do, and indeed did do, and to see what these amendments mean to do, I looked at the preamble to the original act. It states the aims of the legislation in a very clear and concise manner, and indeed justifies the bill now under discussion because it seeks to guarantee that the purposes of the original act shall be accomplished under new conditions. That preamble, as found in Chapter A-9 of the Revised Statutes of Canada, 1970, reads as follows:

Whereas it is expedient to enact a measure for the purpose of stabilizing the prices of agricultural commodities in order to assist the industry of agriculture to realize fair returns for its labour and investment, and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy, thus to provide farmers with a fair share of the national income—

That, honourable senators, was the purpose of the original act, and I think the need to make amendments to bring it up to date, as it were, is obvious. It is obvious that the costs of production rose sharply over the past few years. Indeed, the increase in the cost of production to the farmers has been so large that the average market price over the past ten years, as set out in the original act, cannot give the desired results. So while the present act has given good and valuable service, it can no longer protect farm income on the commodities mentioned in it, and it can no

longer assure the farmer of a fair return for his labour and on his investment. It is now necessary to make such changes in the act as will give the farmer such a fair return. And, of course, it is necessary to give such a return not only to protect farm income, but also to make sure that there will be sufficient production of these commodities to fill the demand for them. In other words, the floor price must be raised, and this is what the bill seeks to do.

As mentioned by the sponsor of this bill, under the present act, Chapter A-9 of the Revised Statutes of Canada, 1970, a deficiency payment is made to the farmer producing the commodities covered by the act if the market price in any one year is less than 80 per cent of the average price over the past ten years. This is changed by the bill so that the base price in any year shall be the average price at representative markets, as determined by the board, for the past preceding five years. This, in effect, provides that the prescribed price also shall be 90 per cent or higher, as the Governor in Council may decide, of the base price.

There appears to have been general agreement that these two amendments are worthwhile. They have drawn general support. However, the proposed section 8.2 goes further, because it reads as follows:

8.2(1) The prescribed price of an agricultural commodity in a year shall be,

(a) in relation to a named commodity, the amount obtained by adjusting ninety per cent, or such higher percentage as the Governor in Council may prescribe, of the base price thereof for the year by an index calculated in such manner as may be prescribed by the Governor in Council to reflect the estimated production costs of the commodity in the year as compared with the average of production costs for the five years immediately preceding the year—

• (1610)

This clause was subjected to considerable criticism because it was felt to be too vague. The index is to be calculated in such manner as is determined by the Governor in Council. It was also felt it left too much to the discretion of the Governor in Council. True, the new section 8.2(2) does say the Governor in Council shall be guided by the recommendations of the board made pursuant to section 7(1), but it adds "and such other factors as the Governor in Council considers to be relevant." I think it has to be admitted the subsection is vague, and consequently producers have a valid criticism as they have no way of knowing in advance the extent of the deficiency payment over the 90 per cent if production costs continue to advance.

Then there is the further question of just what will constitute production costs. You will remember that in the bill dealing with the two-price wheat system it was claimed there could not be an escalator clause as the costs of production could not be accurately ascertained due to various circumstances, and due also to the fact that Statistics Canada could not give an accurate figure for increased production costs for wheat being used only for human consumption, though it could give such a figure for agricultural costs as a whole. So in this bill there is no attempt made to provide a formula to estimate increased

production costs, but it is left to the Governor in Council to use whatever guidelines, if any, he cares to use.

While it is stated that the Governor in Council shall be guided by the recommendations of the board, yet the addition of the words in the new section 8.2(2), "and such other factors as the Governor in Council considers to be relevant," does, I think, wholly offset whatever recommendations the board may make, and enables the Governor in Council to disregard a specific recommendation of the board.

While this matter was thoroughly discussed before the bill came to this chamber, there were yet other objections. One of these, although not relating directly to the objectives of the bill, was the question of what is called "supply management." When discussing the bill, the Minister of Agriculture made the statement that none of these farm programs can work without supply management. Now, the term "supply management" is simply a fancy name for controlled production, a production which some person, board or committee decides will supply the demand, and the producers will be told how much of such commodities they can produce. And, of course, this is advocated with the best of motives.

From what I have read I believe the minister's position is that farmers should produce the commodities in question in just sufficient quantities to fill an assured market at a price which will give them a fair return for their labour and investment. Others took an opposite approach and, as can be expected when a question of great principle is involved, emotions came into play. The principle expounded by the critics of the minister is that the production of food should be encouraged, the estimated market at a reasonable price should not be the guiding standard, and certainly the supply management idea should not be even considered. These people felt that farm production should be encouraged, and the increased production disposed of by an accelerated sales policy.

The advocates on both sides of the question were in agreement that the producer must receive a fair return for his product. I think it is fair to say that the advocates of encouraging production felt it was repugnant to our feeling for humanity to deliberately limit the production of food when so many people in the world are hungry. And yet it cannot be expected that the producers of food should bear the cost of assistance to peoples less fortunate than ourselves. To be practical, I can see and appreciate the position of the Minister of Agriculture as he is concerned for the immediate welfare of, and financial returns to, the farmer, but I do believe the growing of food should be encouraged as I am convinced the Canadian people—all of them—would be prepared to pay the cost of all surplus food that might be produced, and then give it as a gift to help feed the hungry.

Honourable senators, supply management, of course, is not a subject which could be decided by this bill. However, I do think it contains an element of such control. In the section dealing with regulations it is stated in section 11(a) that the Governor in Council may make regulations establishing ceilings on the quantity or value of an agricultural commodity eligible for price stabilization under this act. In effect this clause could be used to control supply.

It was interesting to note the attitude of the various farm organizations to the bill. Generally speaking, they did approve of its provisions, though with reservations. However, the National Farmers Union stated that a formula indexing all the major cost components is required to establish an adequate price stabilization program. It felt a base price should be established at a given date on actual costs of production in each region, and support prices adjusted quarterly to reflect changes. Some organizations felt the bill did not go far enough, while others thought it went too far toward controlling prices.

Some believed that more commodities should be listed in clause 1(1)(a) of the bill, even though under clause 1(1)(b) any other commodity can be brought under the act by the Governor in Council. The objection to this procedure is that representations will have to be made to the Governor in Council, and this could be time-consuming and often frustrating. An additional objection is that under clause 4 of the bill the added commodity is only covered for that particular year.

It is interesting to note also that there still appears to be a dislike, even a distrust, by the farm organizations of too much government direction in the marketing practices of the agricultural industry. Indeed, some take the position they do not want a stabilization program which will give assistance above what they call a "stop loss level". In other words, the deficiency payment would only cover the actual cost of production, and leave no room for any profit. The producer would not lose any money on the operation, but he would not make any either. The fear was expressed that if the deficiency payment was above the stop loss level overproduction would result, and the producers would no longer have clear economic signals from the market place—whatever that may mean.

In any event, honourable senators, the fear of overproduction was heightened by the provision in the bill, under clause 6, which allows what is called "top loading." All this means is that a province or the producers, or both, can give the producer an extra payment over and above the payment made by the board. In fact, I believe this is now done by a couple of provinces. This top loading provision was a cause of concern because another provision of the bill, clause 1(4), provides that the powers of the board may be exercised in relation to an agricultural product not only throughout Canada but also in any region of Canada if, in the opinion of the Governor in Council, the market situation for an agricultural commodity in that region is substantially different from the market situation in the rest of Canada.

The example used to show what is meant is the production of potatoes in the Maritime provinces. This provision was, I think, acknowledged to have a very worthy objective, and should prove of value in the future. But the fear was expressed that its value could be overcome, and indeed rendered useless, if a province outside the region decided to use this top loading provision to provide its producers with a payment higher than the board payment to the region, and thus allow them to undersell. This concern was overcome, at least to some extent, by an amendment to clause 6 of the bill whereby the Governor in Council can only authorize the board to enter into an

agreement with a province regarding top loading under certain conditions and safeguards.

Honourable senators, I do not think it is necessary to consider this bill at any great length. The sponsor gave a very clear explanation of its objectives, so I do not think it is necessary to refer it to the Standing Senate Committee on Agriculture although, of course, some senators may desire further information on some aspect which the sponsor cannot be expected to give at this time. I refer those wishing to know something of the cost of this program to the annual report of the Agricultural Stabilization Board, which came out a few days ago.

● (1620)

I agree with the sponsor that this is no handout. Those who produce our food are certainly entitled to a fair return on their labour and investment. Personally I have often wondered why they have not used their economic strength over the years to see that they did get a proper return for what they produced.

Before resuming my seat, I would like to make one short observation on agriculture legislation in general. I consulted the index of the Revised Statutes of Canada, and under the heading "Agriculture" I saw listed 31 statutes directly concerned with agriculture. With such a mass of separate legislation it is most difficult to obtain even an adequate knowledge of agriculture legislation, let alone become wholly familiar with it. I suggest that the Department of Agriculture and the Department of Justice get together to see if there can be a consolidation of a number of these statutes, otherwise the situation will worsen as the years go by.

Honourable senators, I am pleased to support the bill. I hope it will have speedy passage.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Greene moved that the bill be referred to the Standing Senate Committee on Agriculture.

Motion agreed to.

PRIVATE BILL

ROYAL CANADIAN LEGION—SECOND READING—DEBATE ADJOURNED

Hon. Chesley W. Carter moved the second reading of Bill S-28, respecting the Royal Canadian Legion.

He said: Honourable senators, Bill S-28, which I have the honour to sponsor, seeks to make certain amendments to the act under which the Royal Canadian Legion operates.

The Royal Canadian Legion is a household name in Canada. As of December 31, 1974 the total membership of all categories numbered 450,000. All legionnaires, and many non-legionnaires, will be interested in the amendments contained in the bill. In order that they might be more easily understood by those who will follow this debate through Senate *Hansard*, I propose to begin by giving a brief outline of the history of the Royal Canadian Legion, its organization and accomplishments.

Prior to World War I, the armed services in Canada were represented by regimental associations, by scattered

units of various types, and by one Dominion organization—the Army and Navy Veterans of Canada. Membership in these groups was limited, and for the most part restricted to large urban centres. Their activities were devoted largely to discussion of service, national functions and assisting needy comrades in distress.

Canada was quite unprepared for the rehabilitation problems which arose at the end of World War I. Some idea of the immensity of the problems is indicated by the fact that more than 600,000 men saw service, nearly 60,000 were killed in action, 138,000 were wounded, and some 130,000 were discharged medically unfit as a result of their service. But what the government suffered from most was lack of experience in dealing with those problems. The veterans, upon whose advice the government depended, lacked organization. The result was confusion. The government had to start from scratch with regard to war pension administration.

Under such complicated conditions some 14 or 15 national veterans' groups sprang up between 1917 and 1925. They had no united voice or effort. Attempts were made to coordinate their activities, but each group's objectives were different from those of the others and they appeared to work at cross purposes.

In 1925 the Dominion Veterans Alliance came into existence, spurred on by the plea of one man in particular—Field Marshal Earl Haig of Bemerseyde, Commander in Chief of the British Armies. Having had experience with the growing pains of the British Legion, he was invited to attend, as guest speaker, a convention of all veterans' organizations in Ottawa.

In November 1925, all organizations met in Winnipeg for a "Unity Conference." The inspiration and dedication of men such as Earl Haig and General Sir Richard Turner bore fruit. The Legion was born, and by July 1926 was self-supporting.

From its inception, the Legion quite naturally concerned itself primarily with the battle for adequate pensions and other benefits for war veterans, and the dependents of those who lost their lives as the result of war. Beneficial changes were effected, but the depression of the 1930s created a host of new problems. The Legion was continuously involved, in both local endeavours and national undertakings, in efforts to improve the desperate conditions of veterans in most of Canada. A significant development in this period was the introduction of the War Veterans Allowance Act in 1930, which benefited those veterans who were unable to qualify for disability pension under the Pensions Act but who nevertheless had become incapacitated because of their war service.

With the advent of World War II, the Legion was revitalized by the demands made upon it, and by the influx of new members. Efforts during and immediately after the war were prodigious. Canadian Legion war services provided amenities such as entertainment, canteens, et cetera, for serving men at both home and abroad, including those at the battle fronts. Canadian Legion educational services provided correspondence courses and tutors to prepare serving men for their return to civilian life.

Concurrently with these programs the Legion was involved in a substantial way in the promotion of the most

comprehensive rehabilitation program offered by any government to its men returning from the war—namely, the Veterans' Charter. The many acts that made up this charter covered practically every aspect of the ex-serviceman's life—his education, medical treatment, employment, land settlement, vocational training, as well as the more conventional benefits such as disability pensions. The university training program provided an opportunity for thousands of returning veterans to gain professional status, and had, we believe, a marked impact on all aspects of Canadian life in the ensuing years.

The adoption of the Veterans' Charter did not mean that the Legion's task was complete—far from it. In the succeeding years, improved benefits were sought, particularly in regard to disability and death pensions, war veterans' allowances, and widows' pensions and allowances.

● (1630)

During the 1960s an investigating committee, the Woods Committee, studied in great depth the Pension Act and the operations of the Pensions Commission. The Legion, together with other veterans' organizations, made many comprehensive presentations to that committee, seeking a whole variety of improvements in the legislation. In March 1971, a completely new Pension Act came into force.

Through a further study undertaken jointly by the veterans' organizations and the government, a satisfactory new basis for upgrading pension rates was introduced in July 1973. This took into account the relationship of war pensions to public service salaries, as well as the previously adopted indexing using the consumer price index.

These objectives accomplished, the Legion then sought new themes and new objectives. It did not forget its responsibilities to the veteran. It simply expanded its endeavours to encompass community development, physical fitness, housing for the aged, education and leadership. In particular, its involvement with the development in youth leadership has and will continue to reap rich rewards in Canada's future.

Of great significance is its development of senior citizen housing in Canada. The Legion has sponsored over 50 such housing projects.

For many years, with the assistance of the federal government, the Legion organized the Royal Canadian Legion Sports Training Plan, which included national clinics for track and field coaches, as well as young athletes. More than 1,300 coaches and thousands of young athletes received the benefit of these programs under the direction of the world renowned Geoffrey Dyson, former British national coach. The Legion recognized the need for Canadian texts and periodicals on track and field and published the *Coaching Review*, a track and field annual. During this period, the Canadian Track and Field Association records that applications increased from 40 to well over 600 a year. Today the Legion is involved in community programs as diverse as Canada's geography and climate, being geared to individual communities and reflecting the character of those communities.

The Royal Canadian Legion derives its authority and carries out its operations from its act of incorporation, Statutes of Canada, 1948, Chapter 84, as amended. From this act are drawn the general by-laws; from the general

by-laws are drawn the provincial command by-laws; and from the provincial by-laws the branch by-laws.

The primary unit is the branch, and there are some 1,800 branches in Canada. A number of branches form a zone; a number of zones form a district; and a number of districts, usually within a province but not necessarily so, form a provincial command. Branches and provincial commands exercise autonomy in regard to their own affairs, but within the general by-laws and in the area of their jurisdiction. Provincial conventions are usually held annually or biennially. Branch delegates to these conventions elect a slate of officers. From these provincial command officers, either by election or nomination, is formed the Dominion Executive Council, the governing body of the Legion between biennial Dominion conventions.

The Dominion convention is the ultimate governing body of the Legion. During this convention, branch delegates decide, by majority vote, the policy of the Legion, and elect a slate of officers at the Dominion level. This group becomes the sub-executive committee of council. It consists of the immediate past president, president, first vice-president, four vice-presidents and the treasurer, and is charged with the responsibility for the day-to-day administration of the Legion. Dominion command Headquarters is in Legion House in Ottawa, and it has a paid staff of 60 employees.

The Legion is a non-profit, dues-supported organization. It receives no financial support from outside agencies. A per capita tax on dues paid by the members supports the operation of provincial and Dominion commands. Payment of dues also entitles members to receive monthly issues of *Legion* magazine. Revenue from public campaigns support the service bureaus and the Legion's welfare programs. Financial assistance from party funds is available to ex-service people and their dependants whether or not they are Legion members.

Honourable senators, the bill before us has seven clauses, but the meat is to be found in clauses 3, 4 and 5. These clauses provide wider authority to Dominion command with respect to the revocation and suspension of charters, the winding up of branch or command operations, and the disposition of Legion property. The remaining clauses are either consequential on those three clauses, or they up-date the act in the light of present-day realities.

For example, section 4 of the act sets forth the purposes and objects of the Legion, and section 4(j) refers to the British Commonwealth and Empire. Clause 1 of the bill amends section 4(j) by deleting the words "British" and "and Empire". Similarly, subclause (2) of clause 1 eliminates the word "district" from paragraphs (q) (r) and (t) of section 4 of the act.

Section 6 of the act has to do with by-laws. Section 6(1)(h) defines the powers and rights of all commands and branches with respect only to the holding of assets. Clause 2 of the bill before you substitutes the word "property" for "assets" and extends the powers to include:

—acquiring, holding, mortgaging, leasing, pledging, selling, conveying or disposing of real or personal property.

The present section 6(1)(l) has to do with special departments. The present by-law authorizes a special

department for assisting and advising ex-servicemen's clubs. The new by-law under paragraph (1), as set forth under clause 2, restricts these special departments to those required "for the protection of particular sections of ex-service men or for the carrying on of special work for the benefit of ex-service men."

The new by-law under section 6(1)(r), as set out in clause 2, enlarges the powers of the Dominion command to include suspension of officers, servants and agents of commands and branches.

Clause 2(2) of the bill before us adds three new by-laws, and re-numbers the present section 6(1)(s) as 6(1)(v).

Clause 3 of the bill is consequential on the other clauses and merely substitutes the word "property" for the word "assets," and the word "command" for "executive council," in section 9 of the act, which has to do with the rights of commands and branches.

Section 11 of the act sets forth the right of any command or branch to hold property. Clause 5 of the bill amends section 11 by adding a new subsection (2) which states that no branch may dispose of any property without the written consent of the appropriate provincial command. The amendments to section 11, now re-numbered 11(1), and that in clause 6, are all consequential.

Clause 7 is also a consequential amendment, and clears up an ambiguity in the present act with respect to ladies' auxiliaries.

Honourable senators, many years have passed since this act was last amended. The amendments contained in this

bill are for the purpose of streamlining the act and bringing it up to date, so as to better cope with present-day problems. I therefore commend it to you for your support.

On motion of Senator Phillips, debate adjourned.

● (1640)

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Senator Langlois: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(a), that the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting tomorrow, Wednesday, July 16, 1976, and that rule 76(4) be suspended in relation thereto.

Since this motion is being moved at the request of the chairman of the committee, Senator Argue, I am sure honourable senators would like the explanation for it to be given by him.

Senator Argue: Honourable senators, the Minister of Agriculture has agreed to meet with the Standing Senate Committee on Agriculture tomorrow afternoon at 3.30. The adoption of this motion will ensure that we can meet if the Senate is still sitting at that time. That is the reason for the motion.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, July 16, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

LIBRARY OF PARLIAMENT

ONE HUNDREDTH ANNIVERSARY—ISSUE OF COMMEMORATIVE DOLLAR

The Hon. the Speaker: Honourable senators, I have the honour to inform you that the Minister of Finance, the Honourable John N. Turner, today announced that the government plans to issue a commemorative dollar in 1976 commemorating the one hundredth anniversary of the completion of the construction of the Library of Parliament. The design depicts a replica of the Library of Parliament. The words "Canada" and "Dollar" appear above the building and the dates 1876-1976 appear below.

I have no doubt that honourable senators will be pleased to hear this announcement, as the Library is a joint service of both Houses of Parliament and has rendered great service to all parliamentarians.

CUSTOMS TARIFF, (NO. 3)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-67, to amend the Customs Tariff, (No. 3).

Bill read first time.

Senator Perrault: Honourable senators, I move that this bill be placed on the Orders of the Day for second reading later this day.

Senator Flynn: With leave.

The Hon. the Speaker: Is there unanimous consent?

Senator Flynn: Yes.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Economic Council of Canada, including its financial statement certified by the Auditor General, for the fiscal year ending March 31, 1975, pursuant to section 21(1) of the Economic Council of Canada Act, Chapter E-1, R.S.C., 1970.

Report of the National Capital Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972

BILL TO AMEND—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-57, to amend the Federal-Provincial Fiscal Arrangements Act, 1972, and had directed that the bill be reported without amendment.

● (1410)

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

NATIONAL CAPITAL REGION

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Deschatelets and Lafond be substituted for those of the Honourable Senators Desruisseaux and Molgat on the list of senators serving on the Special Joint Committee on the National Capital Region; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

SMALL FARMS DEVELOPMENT PROGRAM

NUMBER OF LOANS APPROVED FOR PROVINCES—QUESTION AND ANSWER

Senator Perrault: Honourable senators, Senator Michaud gave me notice that he wished to ask the following question today:

What is the number of applications for loans under the Small Farms Development Program approved for each province to June 30, 1975?

As I have said, Senator Michaud was kind enough to provide me with notice of his question on this important subject, a trend that would be useful for all senators to follow when the information requested is of a rather detailed variety. I appreciate it very much.

I have the detailed information in answer to Senator Michaud's question. It is in the form of a table, and I would ask leave of the Senate to provide Senator Michaud with a copy and have it printed in the *Debates of the Senate*.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The table follows)

PERIOD SEPTEMBER 21, 1972, TO JUNE 30, 1975

| | VENDOR | PURCHASER |
|----------------------|--------|-----------|
| | GRANT | CREDIT |
| *British Columbia | 15 | 9 |
| Alberta | 1,752 | 230 |
| **Saskatchewan | 898 | 214 |
| **Manitoba | 534 | 87 |
| Ontario | 215 | 20 |
| **Quebec | 893 | 21 |
| New Brunswick | 112 | 9 |
| Nova Scotia | 24 | 5 |
| Prince Edward Island | 107 | 17 |

Notes:

* Although British Columbia had signed the Agreement, that province had no loans approved for the period September 21, 1972 to March 31, 1973.

** Saskatchewan, Manitoba and Quebec signed Agreements during the fiscal year 1973-74; therefore, no approvals are included in the totals for these provinces for the period September 1972 to March 31, 1973.

FLORIDA LAND DEALS

ALLEGED SWINDLE—INVOLVEMENT OF CANADIANS— QUESTION ANSWERED

Senator Perrault: Honourable senators, the following question was asked by Senator Desruisseaux on Wednesday, June 4 last:

Honourable senators, recently we read in our newspapers of what may be the largest land swindle in the history of the United States, involving 30,000 to 80,000 people and up to \$1 billion in lost investments.

I should like to ask the Leader of the Government in the Senate if it is known whether Canadians have been victimized in this swindle. If so, what is their number and what are the amounts of money involved?

In reply to Senator Desruisseaux's question as to whether or not Canadians have in fact been victimized in the alleged swindle, it should be pointed out that this would appear to be a case involving Florida land regulations and state criminal laws relating to fraud. Canadians who have suffered from the alleged swindle could have legal recourse via a civil action by solicitors acting on their behalf in Florida. However, as you can appreciate, the Department of Justice could not be involved.

The only means of determining how many Canadians were involved and what sums of moneys were lost would be through representations to the Florida authorities. It is regrettable in this case that the Canadian federal authorities were unable to take direct action.

[Senator Perrault.]

PRAIRIE GRAIN ADVANCE PAYMENTS ACT, NO. 2

BILL TO AMEND—THIRD READING

Senator Langlois moved the third reading of Bill C-53, to amend the Prairie Grain Advance Payments Act, No. 2.

Motion agreed to and bill read third time and passed.

OLYMPIC (1976) ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Deschatelets for second reading of Bill C-63, to amend the Olympic (1976) Act.

Senator Macdonald: Honourable senators—

Senator Deschatelets: Before Senator Macdonald proceeds, I wonder if he would permit me to answer a question asked by Senator Buckwold yesterday?

Senator Macdonald: Certainly.

Senator Deschatelets: Honourable senators, yesterday Senator Buckwold asked me the following question:

What quantity of gold in ounces is it estimated will be required for this program, and what effect will the presumably large market demand have on the price of gold in terms of the world price of gold? Does the mover of the bill feel that this could have a serious impact on the long-term economy of the country?

The answer I have received is as follows. The Olympic coin program of the Post Office Department hopes to be able to sell 210,000 coins with half-ounce fine gold content, and 500,000 coins with quarter-ounce fine gold content. This will result in the following usage of gold: 210,000 coins containing a half-ounce of fine gold would amount to 105,000 troy ounces, which I am told is a special measure for precious metal and does not correspond exactly to the usual ounce measure; 500,000 coins containing one-quarter ounce of fine gold will equal 125,000 troy ounces. There will be a total of 230,000 troy ounces, which represents about 1½ per cent of our gold reserve.

The experts who have been consulted think that no possible effect on the gold market can be anticipated; first, because the gold is already in the hands of the government and does not have to be purchased on the market, and I presume does not have to be replaced after it is converted into coins; secondly, the gold will be sold as coins on the coin market and not as gold on the gold market. According to the experts, the quantity of gold involved is not sufficient to have a significant effect on the gold market.

Perhaps I can add this about the past experience with the silver coins. There are in circulation about 75 million silver coins. As far as can be estimated, about \$65 worth of these coins have come back into circulation, surely not more than \$100.

I hope this information answers Senator Buckwold's question.

• (1420)

Hon. John M. Macdonald: Honourable senators, as mentioned by the sponsor, the bill is somewhat narrow in its concept. It does two things. It authorizes the minting of gold coins in the denomination of \$100, with the profit

going to the Olympic Games Committee. The coins are of two types. One will contain a half-ounce of gold and will be one inch in diameter and .075 of an inch thick. The other will be of the same denomination but contain only a quarter of an ounce of gold and be 1.1 inches in diameter and .067 of an inch thick. In all probability there will be a great deal of confusion between the two coins. I warn those present to be sure they get value for their money and not accept the cheaper coin rather than the more expensive one. As I understand it, the ration will be that for every two coins containing a half-ounce of gold there will be five containing a quarter-ounce.

It is hoped that the profit from the sale of these coins will be anywhere between \$25 million and \$40 million, which will help to promote the games. The price of gold enters into it, of course. It is of interest to note that back in 1967 there was an issue of \$20 gold pieces, which actually contained more than a half-ounce of gold. The \$20 gold piece issued in 1967 has more gold content than the \$100 issue for 1976. The price of gold is to be determined by a complicated formula. As I understand it, within ten days after the passing of this bill, the Minister of Finance must set the day on which the value is to be determined. When he sets that day, the value will be determined on the average of the preceding five days of the free market on the gold exchange in London. This is to show that the price is actually determined by the market so as not to give any unfair advantage to the Olympic coins.

Honourable senators, I am sure we all hope that this project will be of some benefit to the Olympic Games. I must say the fact that the sale of the silver coins did not come up to the anticipated amount does not show too well perhaps for the gold coins, that they will do any better.

Honourable senators, the second point I wish to raise relates to trademarks and copyrights. The Olympic Games Organization Committee must have the right to control this, otherwise there would be a flood of material coming in using the symbol of the games. This provision should have been in the original act but for some reason it was overlooked.

While the bill itself contains these two clauses, the discussion here has ranged over the whole question of payment for the games, especially if there should be any liability on the federal government towards the anticipated deficit. I feel it is agreed on all sides that there will be a substantial deficit. Originally the federal government agreed to do only two things—pass the necessary legislation to authorize these revenue-producing programs, such as the lottery, the stamps, the silver coins and now the gold coins; and secondly, to support the games through the various government departments and agencies. In other words, the federal government will assist in providing security, in helping with the expenses of the CBC and broadcasting, in helping the National Film Board, in helping to make the harbour at Kingston ready for the sailing events there, and other things of that kind. The assistance of the federal government will be in the neighbourhood of \$130 million. However, that would not be all new money. For example, using the armed forces to assist with security will not cost very much, because the members of the forces will receive their pay in the ordinary course.

So, actually, the cost to the federal government should be much less than \$130 million. Nevertheless, the security costs will in all probability be higher than anticipated, because—let's face facts!—in the light of the events of the last few years, not only will there be the normal security to take care of but there will also be the necessity of providing security against the added risk of terrorist raids. Foreign athletes, officials and spectators are coming to Canada, after all, and it is therefore the federal government which is responsible for their security. That security must be taken care of.

In any event, the federal government is restricting its liability to those two areas, and the understanding is that the deficit, if any, will be taken care of by the Province of Quebec and the City of Montreal. Indeed, as late as last Friday the Chairman of the Treasury Board restated that position of the federal government. Personally, I believe that position is totally wrong. Since it has been conceded that there will be a large deficit, surely we should re-examine the position of the financial liability of the federal government. I realize there is no point in rehashing the whole history of the thing and saying that this, that or the other thing should have been done—that the mayor of Montreal, for example, was wrong in his estimates or forecasts. There is no point in doing that. What we have to realize, though, is that these games will take place in Canada next year. That is a fact. Therefore, simply from the point of view of our national prestige, if nothing else, and quite apart from any other considerations, we must see that these games are a success. They must be staged in a first class manner.

Hon. Senators: Hear, hear!

Senator Macdonald: Never mind trying to pinch pennies. Never mind going economy fare. We want to put on a show of which all Canadians can be proud.

With respect to the deficit, I certainly think that all three levels of government should be involved. It is totally ridiculous that the federal government should not be paying a share. Let's face it: these games are not just a Montreal venture; they are not just a Quebec project; these games are a Canadian venture.

Hon. Senators: Hear, hear!

Senator Macdonald: They are simply being held in Montreal. As such they are the concern of all Canadians and are entitled to the enthusiastic support of all Canadians—and I believe all Canadians are prepared to give such support to these games.

Hon. Senators: Hear, hear!

Senator Macdonald: Honourable senators, I hope the sale of these gold coins will be helpful. It probably will. For that reason alone I support the bill. But I go further than that, in that I hope the attitude of the federal government will change, that it will move away its present position, away from the idea that there is no obligation upon the federal government to help cover the deficit. Of course, I realize, as we all do, that there is no legal obligation on the government, but surely it is obvious that conditions have changed markedly since the idea was conceived of holding the Olympic Games in Canada. In the light of those changed circumstances I should like to see the government adopt the attitude that since the Olympic

Games are to be held in Canada in 1976 they are a Canadian venture and Canada should do everything in its power, financial and otherwise, to make them so successful that every Canadian can say, "I am glad that these games have been held in Canada and I am proud that Canadians could put them on and show all the world that we were not only prepared to stage them but were well able and willing to do so."

Honourable senators, it gives me great pleasure to support the bill.

[Translation]

Hon. Martial Asselin: Honourable senators, when I said to Senator Macdonald this morning that I might add a word after his speech on the bill, I think I spoke too soon.

● (1430)

[English]

Senator Macdonald has made a very good and intelligent speech; indeed, I do not know why I am on my feet now.

Senator Langlois: He always does.

Senator Asselin: In any event, I do wish to say something regarding this bill.

[Translation]

I want to say this because I have the impression that to begin with this bill was badly introduced in the other place by the Postmaster General. It is a bill which I think was badly explained; a bill that required a lot of consideration on the part of Opposition members to know its real content. I was surprised when this bill was introduced in the House of Commons. It was considered during a few hours in committee. When it came back to the house at the report stage, Conservative members introduced amendments, but I must say readily they were intelligent amendments because not only members of the official Opposition in the other place were asking questions, but so was the public in general as well. Amendments were introduced. Only one day was spent on the report stage of the bill. What grieved me most was that at the end of the day the minister used a political balloon when he said on television: "we are withdrawing the bill because Conservative members are against it and against the Olympics."

We in this party immediately received telephone calls from members of the Quebec government as well as the mayor of Montreal who were enquiring about our attitude. Did we want to kill the Olympics?

I say that when the minister announced unilaterally he was withdrawing the bill because he did not have the cooperation of Conservatives, he made a move at that time which was not likely to help national unity. There again, papers, and certain Liberals, small liberals on the other side, accused the Conservatives of being anti-French Canadian because four amendments had been introduced at the report stage to have the minister explain what would be the gold value of the two coins. There were also other amendments which were extremely useful to an understanding of the bill. They were also useful to protect Canadian consumers because Canadian consumers are the ones who will be buying those two gold coins, and they have a right to know in advance what will be the gold content, as Senator Buckwold said to the sponsor of the bill this afternoon. Those are questions we of the Opposi-

tion are entitled to ask from the other place. But we were told that the Conservatives were against the Olympics, that they wanted to kill that bill. As early as the next day we were receiving telephone calls from the mayor of Montreal and the Quebec Minister of Industry telling us that they would be losing between \$25 and \$30 million if the bill was not passed.

I feel that the manner in which the minister wanted to have this bill passed in the house amounted to nothing short of blackmail. Yet, without wanting to withdraw the bill, the minister could have immediately used his majority, as is done in democracy; he could have put the bill to a vote in the house, the principle of democracy would have come into play. That is what eventually happened. The amendments were defeated and the bill was passed.

There is another point I should like to raise.

When Senator Macdonald tells us it is a Canadian project, he is perfectly right. If it is, that means all parliamentarians from anywhere in Canada—Ontario, Manitoba, British Columbia or the Maritimes—have the right to discuss the legislation coming before the House of Commons or the Senate. I do not think anybody can deny that Quebec is still part of Canada, and if a Canadian law that affects that province more particularly is introduced in the Canadian Parliament, a member of Parliament from Vancouver—or a senator from Vancouver or Nova Scotia—has the right to rise, ask questions or move amendments if he wants to improve the bill.

I resent our being called anti-French Canadian in the newspapers because we Conservatives, through amendments proposed in the other place, wanted to get information to protect consumers who will be asked to buy the coins.

Senator Macdonald said earlier, with much good sense and logic, that it is a Canadian project; and the federal government, in my opinion, has no right letting Montreal and Quebec taxpayers pay for the deficit that could reach \$300 million after the Olympic Games.

I am glad one of our brilliant senators, the senator from Sydney, raised that question. I think the position of the Canadian government should be reassessed even if at the beginning they said they would not be responsible for the deficit of the games. Although it is said that Montreal Mayor Drapeau and COJO went too far in their expenses, that they did not control them, that there was inadequate planning, Mayor Drapeau himself has an answer; he says it is because of inflation. If the government of the Province of Quebec did not exercise a tight enough control to keep tabs on COJO outlays, the federal government, even if no commitment was made to make up for any deficit, had agreed to provide legislation which would authorize revenue programs for the Olympic Games—and the federal government should have had somebody to exercise a control on its behalf. I do not understand and I will never understand how the federal government can be saying now that if, after the Olympic Games, there is a \$300 million deficit, it will have to be paid for only by Montrealers and Quebecers in general.

As I said, Quebec still is a part of Canada, and the games are a Canadian venture, as Senator Macdonald said, and I dare hope our friends opposite who have influence on the

[Senator Macdonald.]

government will manage to make it review and change the orientation of its position. Hopefully they will tell us in due time, to provide some sort of relief for Quebec taxpayers, that something will be done after the Olympic Games once the real deficit is known.

We are in favour of the Olympic Games. As Senator Macdonald said, the Conservative Party, the official Opposition here, is in favour of the Olympics. We would have liked to have games of a possibly smaller scope, games that might have been less expensive, but it appears now that we are heading for outlays that have been estimated at many millions of dollars. We must find a way out, because, as Senator Macdonald also said, the prestige of Canada must remain intact. And if it is to remain intact, the Canadian government has a duty and a responsibility to promise the Province of Quebec and Montreal that it will make up for part of the Olympic Games deficit.

[English]

● (1440)

Hon. Ernest C. Manning: Honourable senators, I am in full accord with this bill and I hope it receives the unanimous support of this house. My reason for making a few comments at this time is that I feel the record of this house should show that there is throughout Canada, particularly in those areas far removed from Montreal, a growing concern arising from the tremendous increases in the costs of the Olympics and by whom this staggering deficit is to be borne. I would not, in fairness to the region of Canada which I represent, want the impression to be left by the addresses we have just heard that there is a general feeling throughout Canada that these staggering deficits should be picked up by the Government of Canada, rather than by the City of Montreal and the Province of Quebec.

I quite appreciate, as do all senators, that during the period since the games were promoted inflation has resulted in very large, uncontrollable increases in many of the costs. While the Olympics are, as has rightly been said, a Canadian project of which it would be the hope of all of us that Canadians from one end of Canada to the other will be proud and enthusiastic, to be factual we must recognize that primarily the promotion of the Olympics in Canada did come from the City of Montreal, particularly its mayor, who has something of an international reputation for going out after large ventures. In fairness to him, he has quite a record of success in what he goes after.

Initially we were told that the cost of the Olympics would be in the neighbourhood of \$300 million. There was no great protest and, generally, satisfaction was expressed with that figure. It was a large amount of money, especially in these times, when there are demands for public funds for many other things, but the figure did not cause a great deal of concern. The figures which have been more recently released indicate that the total cost will now be in the vicinity of three-quarters of a billion dollars, two-and-one-half times the figure presented to the Canadian people when they were asked to get behind the Olympic Games as a desirable Canadian project.

We must remember that the great bulk of this money is going into the construction of physical facilities. These facilities are of little or no value whatever to any Canadian citizens outside the area in which they are located.

Certainly, in my region of Canada I do not suppose there will be one in 10,000 who will ever see the Olympic facilities, or reap any benefit from the fact that they have been provided. In a day when we are being told that we cannot do this and cannot do that on behalf of people who have need for things to be done, because of the shortage of funds, it is hard to explain to the people of this country how we can spend three-quarters of a billion dollars on something which is regional by its very nature. This is not criticism of Montreal or the province of Quebec. The simple fact is that since these facilities will be constructed in one region, obviously they will not be of much practical interest or value to people living two or three thousand miles away.

Senator Flynn: That is true also of every other work completed in the country.

Senator Manning: We must remember that this is the second of these projects which have been constructed in the last few years. Expo 67 was a tremendous success, of which we were, as Canadians, very proud. But its facilities also were concentrated in Montreal, representing millions of dollars of investment in public facilities which have been of little or no value to other citizens of Canada.

I am in favour of the Olympic Games and hope this bill receives full approval. However, I would not wish the record of this house to not show that there are a great many citizens outside central Canada, far removed from these facilities who, as I have said, will reap no direct, or only very little indirect, benefit from them, and who will be deeply disturbed if there is a change in the policy of the Government of Canada, under which policy they have been assured that they will not be asked as taxpayers to pick up more of the cost of the Olympic Games than that to which the government has already made a commitment on the part of the Canadian people.

I wish the record to show that that is a concern in my part of Canada at least, and if we are genuinely concerned about the unity of this country this is not the kind of thing to be doing. I can assure you there will be a great storm of protest from some regions of this country if, after the people were assured that they would not be saddled with a deficit of this nature, it is now going to be passed on to people who will derive little or no benefit from the facilities to be provided.

Hon. Hazen Argue: Honourable senators, I rise now only to make a few observations. Like Senator Manning, I do not wish the record to show that there was not a voice from the Western region of Canada which would agree, as I do, with the general sentiments of Senator Macdonald, namely, that while we may, as we do, regret the deficit, we may, as we do, regret any exaggerations that may have been made. Nevertheless, coming from Western Canada and the Prairies, I realize that much of what Senator Manning said is far too true. Out there it is easy to criticize when something is in Eastern Canada—easier, perhaps, for some to criticize if it is in Montreal and the province of Quebec.

Senator Langlois: Toronto used to be your target.

Senator Argue: However, I believe that in Western Canada we should take a broad point of view, a Canadian point of view, and we should be careful, if we criticize

something in Montreal, that our criticism is not coloured by the fact that it is in Montreal. Would we be any happier if it were in Toronto?

Senator Langlois: No.

Senator Argue: I hope not. As a Canadian I am proud that the Olympics are coming to Canada. I am proud that they are to be held in Montreal, a part of this country. In a general way, as one from Western Canada, I wish to agree with the sentiments of Senator Macdonald. There have been many projects that have come to Western Canada that we would not have had were it not for support from other parts of the country, including Quebec and Ontario.

Senator Flynn: Syncrude.

● (1450)

Senator Argue: Those of us from Western Canada have resented over the years the fact that some people in Eastern Canada did not seem to understand us. But we have the Gardiner Dam and Diefenbaker Lake because Canadians in central Canada felt that, although they might not be money-making projects, they were good for the nation.

The Olympics may not be a money-making project; they may even be a losing project. But, in my opinion, they are good for Canada, and Canadians should stand behind them.

Senator Manning: Honourable senators, I would like to correct an impression left by Senator Argue.

I did not suggest that this issue had any specific relationship to the city of Montreal in the province of Quebec. I would say exactly the same thing had a project of this magnitude, with this kind of deficit, been built in Halifax, Toronto, Edmonton or Vancouver. The location has nothing to do with it, other than the fact that the facilities being constructed will be of no benefit to other areas of Canada.

[Translation]

Hon. Léopold Langlois: Honourable senators, up until the last two or three minutes, I had no intention of commenting on the bill this afternoon. But I must congratulate the four senators who spoke before me on their truly Canadian attitude about the great project of the Montreal Olympic Games.

However, I have some criticisms to make about the speech of my honourable friend, Senator Asselin—

Senator Asselin: I knew it.

Senator Langlois: I do not blame him for having tried to dispel the effect of the bad publicity his party got last week following what happened then in the other place. I do not think, however, that he had any reason to talk of blackmail and threats this afternoon, because he has not been able—at least he did not submit any fact—to substantiate his allegation. I know the publicity in the newspapers was bad, that perhaps his party's attitude in the other place was misunderstood, but I do not think it is proper that members of this house should criticize the way parliamentarians in the other place behave.

Now, about the remarks—

Senator Flynn: We certainly have the right to criticize the stand taken by a minister.

[Senator Argue.]

Senator Langlois: We have the right to criticize a political statement.

Senator Asselin: Yes, yes.

Senator Langlois: But, if my honourable friend has followed carefully the debate in the other place, he knows that the minister was not making a statement of government policy. He was speaking for himself only. He was not making a policy statement on behalf of the government.

Senator Flynn: He cannot speak for himself.

Senator Asselin: Come on, since when?

Senator Langlois: Come on, when he stated that the bill would be withdrawn, he was speaking for himself. That's what I read in *Hansard*. But, nevertheless, the rules of the house—

Senator Asselin: I rise on a point of order. A minister of the Crown cannot speak for himself; under the Cabinet solidarity principle, when a minister speaks, he speaks on behalf of the government.

Senator Flynn: Especially when he is the sponsor of a bill.

Senator Asselin: I am very surprised to hear Senator Langlois suggesting such things. A minister cannot speak for himself; when he speaks, a minister always speaks on behalf of the government.

Senator Langlois: First of all, honourable senators, I submit that this is not a point of order. It is merely a correction. I said simply that I had not said that the minister was right, but only that he had stated, when explaining his attitude as mover of the bill, that he was not expressing the political opinion of the government but solely his own as mover of the bill. I feel that no member of the Senate can criticize that attitude. Recently, at a meeting of the Committee on Standing Rules and Orders, we even modified our rules to allow an honourable senator to quote—not criticize, but quote—a statement made in the other place, solely when it concerned a matter of government policy. Can we go farther than that? No mention was made of criticism. It was merely a matter of quoting a statement. Our rules do not allow us to criticize such an attitude. However, I admit that my honourable friend could make such a distinction, could justify his remarks, but I doubt that we should, in the Senate, base our arguments concerning a bill on the attitude or behaviour of a member of the other place. Both houses are autonomous, and debates must not be pursued from one to the other and grow acrimonious. That is precisely what our rules would avoid by saying that a statement of policy made by a minister may be quoted.

However, I admit that my honourable friend could feel justified in wanting to dispel the bad publicity made about his party in that connection. But I am not prepared to say—I want to be fair to him—that the amendments suggested and explanations requested in the other place were not warranted.

I myself have a question to direct to the mover of the bill this afternoon. I would ask him to tell us—he may have mentioned it but unfortunately I was unable to follow all his speech yesterday—how the Canadian or foreign consumer will recognize the coin which has a

higher gold content from the one which has less? Are there serial numbers that will allow him to identify the coin he is buying, whether it is one or the other of the two coins? When he buys from a chartered bank, I readily admit I do not doubt the honesty of those people, but to err is human and a bank employee could make an honest mistake and sell to a customer a coin that is worth less than the one he wants to buy. But I wonder if the customer will have a way of distinguishing, will he be able to determine in his mind what type of coin he is buying since one is worth more than the other? I would like the sponsor of the bill to give me an answer to that question. I think that warrants the opposition that took place in the other house. I do not want at all to criticize the attitude over there but I admit that the situation was not as bad and as reproachable as my honourable friend might have depicted it this afternoon.

Now I come to the speech by my honourable friend from Cape Breton, Senator Macdonald, who spoke like a genuine Canadian, and I commend him for that. Indeed, one never expects less than that on his part. He always talks in an excessively outspoken and honest fashion. He is recognized in this house as a great citizen of this country. I commend him for his attitude. Apparently he wanted to dispel what could be interpreted as a certain animosity against Montreal. Earlier I was somewhat surprised to hear my friend Senator Argue make reference to Toronto when he spoke about certain attitudes taken by Western Canadians but I had always believed that the main target of Western Canadians was not Montreal but Toronto. At least he did clear up that bad impression I had.

But I want to add this about the attitude taken by Senator Macdonald: people seem to forget that the Olympic Games are not taking place in Montreal only. Some will say that I take that attitude perhaps because I have a certain propensity for the sea. I think the most interesting part of the games will take place in Ontario, namely, Kingston, where the Olympic regattas will be held. I think those who decided to divide the Olympic Games between the two provinces wanted the games to be considered as a Canadian event, period, not a regional or provincial undertaking. Once again, I am quite pleased with the position taken by our colleague from Cape Breton.

● (1500)

As for Senator Manning, he took a similar position. I am especially happy about the correction he made following the statement of Senator Argue when he said: "I did not suggest that this issue had any specific relationship to the city of Montreal or to any other Canadian city." It is true. He spoke solely as a real Canadian without referring to regional preferences.

As for Senator Argue, I have also commented very briefly on his statement. I agree with him. I am convinced that the debate we held this afternoon will be beneficial and will put back the Olympic Games issue in its national context, in its Canadian context, because it is only in this context it must be considered.

But I should like also to say a few words about what has been said concerning the expected deficit. I do not fully share the enthusiasm of Mayor Drapeau, a man described as very enthusiastic and enterprising—in fact, I do not see how a man could be enterprising without being also

enthusiastic and optimistic. The other day, appearing before the parliamentary commission of the Quebec National Assembly, he suggested that it might still be too soon to talk with any amount of certainty about a deficit for the Olympic Games. In this regard, he was partly supported by His Excellency Mr. Roger Rousseau, the COJO Chairman, who observed that COJO has only carried out an evaluation of the revenues to date, an evaluation which is far from being final; indeed, revenues could be considerably higher than expected, so that the deficit could be greatly reduced. Moreover, as Mayor Drapeau himself indicated, included in the deficit—that is, the excess of expenses over expected revenues—are expenses which are not necessarily operational expenses. Some capital investments, for instance, will remain at least in part in Montreal once the games are over. The Olympic Village will remain there too. If all these are considered as expenses, we could end up with an enormous deficit which would not be entirely a real deficit. I wish this position of Mayor Drapeau were taken into account, a position which can be summarized as follows: We want the deficit to be reduced to the minimum. Let us consider this with an open mind. Let us be optimistic. Let us find other sources of revenues. Let us show some imagination. I think we should consider the Games in that light and remain optimistic as regards the future, and have faith, while at the same time trying to devise new ways of creating and increasing revenues and thus reducing whatever deficit there may be.

Senator Flynn: Honourable senators, I regret, but I cannot help replying to the last remarks of my good friend Senator Langlois.

Senator Langlois: I have not been that sharp.

Senator Flynn: No. But as usual, he has a way of interpreting the rules which would actually prevent us from debating here any problem we are required to debate. He just contended that we have no right to criticize the position of a member of the House of Commons, saying that the minister, in this case the Postmaster General, the sponsor of the bill before us, was merely expressing his own personal views and that accordingly we were to pay no attention to his statement and not to consider it as a statement of the government's position.

I shall first tell Senator Langlois that there is absolutely nothing in our present rules to prevent us from referring to the debates of the other place. If we are not doing it, it is just a matter of tradition.

Second, the proposed rules which will be submitted by the Committee on Standing Rules and Orders will, as a matter of fact, have the effect of allowing senators to discuss the position put forward by ministers in the other place, because indeed we in this place should be given the opportunity to discuss the government's positions. And those positions are indeed reflected in the statements made, and the positions held by its ministers. No minister, and especially no minister who sponsors a government bill, can ever contend that he speaks in his own name and that he is not committing the government. I entirely reject this assertion.

Third, I do say we can criticize. In the present case, the Postmaster General resorted to blackmail, not openly but in what I call a subtle way. This is a well known procedure

to my friends of the Liberal party in Quebec. Because the Opposition held up the debate on this bill at the report stage for one sitting, for one day, they said: "Well, if you do not want to pass it, we withdraw it and you will be entirely responsible for the failure of the Olympic Games or for the increased deficit." This attitude was obviously aimed at blaming the Opposition, at stirring this mentality existing in Quebec, cultivated by our friends, this anti-Conservative mentality which makes Quebecers often feel persecuted when the Conservatives discuss a problem concerning them more particularly. The government said: "You see, they are against you." Well, it was against this attitude of the minister that my colleague Senator Asselin spoke. He had the right to do so. This attitude must be considered as the government's attitude, not only as the position of one of its ministers. The minister made a mistake. He did make amends later, but only because the Opposition made him understand that he went too far. I say it again, Senator Asselin's criticism is quite relevant in this regard.

I would also like to echo an idea put forward by Senator Macdonald. Perhaps because of the Expo 67 experiment, the federal government put itself in a far too rigid situation—when the problem of the 1976 Olympic Games arose—to escape the kind of criticisms mentioned by Senator Manning. The federal government said: "You will only be allowed to have some revenues through the lottery, the sale of silver Olympic coins and government services. Nothing else will be done. We shall not vouch for the deficit." It confined itself to a position that prevented it from having any control over expenses. Today, the expenses are here and the government has still no control over them. As Senator Macdonald said, the 1976 Olympic Games are not only for Montreal or Quebec but for all of Canada. Then, we should all share this responsibility. I suggest that the federal government revise its position, be less fearful than in the beginning and try to find answers to that deficit.

I must admit that I am not too enthusiastic about the financial result of the COJO operation or about the initiatives—exaggerated perhaps—of the mayor of Montreal and some other people. Still inflation is certainly responsible for the major part of these increases. Honourable senators, look at the increase in government spending since 1970. I am not sure that the increase in the total budget of the federal government for the last seven years is not proportional to the cost increase of the Olympic Games project. There might have been some exaggeration. These are not unpretentious games and I think that they might have been simpler. But keeping the initial project in mind, the increase is caused mostly by inflation and so it goes for the increase in government spending.

● (1510)

Senator Langlois: And work stoppages as well.

Senator Flynn: Strikes are certainly another factor. There have been some abuses, yes. But the main problem is the economic situation in general. The only important point I would like to be clear in the report is that the position of the Postmaster General was that of the government and that there was some legitimate reason to criticize it. I hope that those little faint-hearted games will not happen again. I for one, ever since I entered politics, have

[Senator Flynn.]

often been the victim of those little games in the province of Quebec and here in Parliament. I am fed up and I wish to make that clear.

Hon. Jean-Paul Deschatelets: Honourable senators—

[English]

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Deschatelets speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

[Translation]

Senator Deschatelets: First of all I wish to thank honourable senators who took part in this debate for their attitude towards the bill, an attitude which reveals their desire to ensure that the games remain on a wholly Canadian scale. I feel that this debate will have helped to clear up many misunderstandings. I also wish to thank them for the support they have vouched to give this bill on second reading.

At this point I should like to answer an extremely important question that was raised by Senator Langlois. It concerns the theoretical debate that was held in the Commons between the minister and the official Opposition about issuing two types of coins having different gold contents.

The only reply I can give here is that one must keep in mind that the gold coin program was set up after discussions with experts on the subject.

I have here, for instance, a document informing me that our country's most important coin collectors not only accepted but even requested that two coins be put on the market—one of which would have a greater gold content and be reserved mainly for coin collectors. Until the last minute, these experts agreed. As far as I am concerned, I must trust them when they state that gold coins will not cause among the public the confusion feared by some honourable senators or some members of the House of Commons.

In this connection, I would like to refer honourable senators to the statement made by Mr. Mackasey, which appears on page 7364 of the House of Commons *Hansard* of July 8 last, and which reads as follows:

First, may I say that the hon. member's point is a valid point. Earlier on, the hon. member said that the silver content is consistent and does not change. Would the hon. gentleman be satisfied if actually all the gold coin buyers around the world were assured of the precise quantity of gold in the coins and that it will not change in the issue, because the hon. member is making a valid point that people should know the quantity of gold at the time of the purchase? What I am suggesting is a compromise. We are quite prepared to state openly and officially before the coins go on sale the quantity of gold in the two different coins.

I also refer honourable senators to page 7366 of *Hansard* of the same date, to another statement made by Mr. Mackasey which reads as follows:

In answer to the hon. member for Rocky Mountain (Mr. Clark) I repeated that I am quite prepared to state consistently the amount of gold in the two coins. The problem is this: precisely when do we know the

price at which we buy gold? That is the reason I need flexibility until we buy that gold.

Would the hon. member accept the statement that the amount of gold in the coins would be clearly spelled out before they are put on sale, the moment we have firmly established the price of the gold that goes into the coins?

In other words, I think, honourable senators, we should trust the minister in this very specialized area, and if you are interested I can give you here the differences, at least in appearance, between the two coins.

For instance, in the diameter of the coins, the 14-carat coin, which is the one containing a quarter ounce of gold, is 1.1 inches while the 22-carat coin is 1 inch in diameter.

As for the thickness, the 14-carat coin will be .67 inch while the 22-carat coin will be .75 inch.

As for the finish, the 14-carat coin will be less shiny, while the other coin will receive a more elaborate finish which means the design stands out more clearly.

There will be another difference: the coin containing a quarter ounce of gold will have little dots all around the rim, the same as on a penny piece; the other coin will not feature such dots.

I think we can trust the statements which have been made not only by the minister, for in this area I happen to have more confidence in experts than in ministers, this being a highly specialized field, and I remind you this program is the result of consultations. Let us hope it will be as successful as we wish it to be.

Now, honourable senators, during my comments I raised the question as to whether or not the bill should be referred to a committee. Because it is agreed there may be a deficit or a gap between revenues and expenses since the gold coin program will not cost the federal government a penny—I do not personally think it would be advisable to refer the bill to committee.

I am at your disposal, honourable senators, and if some of you believe this would be advisable, then I shall move accordingly. May I have an idea of your opinions?

[English]

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Deschatelets moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

PRIVATE BILL

ROYAL CANADIAN LEGION—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Carter for second reading of Bill S-28, respecting the Royal Canadian Legion.

Hon. Orville H. Phillips: Honourable senators, yesterday in his introduction Senator Carter gave a very interesting history of different organizations that had merged

to form what is now known as the Royal Canadian Legion. There was one organization that existed here on Parliament Hill following World War I, and that was the Association of World War I Veterans in Parliament. Its membership included such people as the late Senator Brooks, a former government leader in this chamber; Senator Macdonald, who was later Lieutenant Governor of Ontario; and Senator White, a former Speaker of this chamber. Moreover, I believe we still have in this chamber one member of that organization.

● (1520)

Immediately following World War II the Royal Canadian Legion, taking advantage of the experience learned in re-establishing veterans after World War I, began to draw up its own Veterans Charter. As Senator Carter indicated, many of its suggestions were accepted and became law. However, the Legion's work did not cease in the immediate post-war years. Since 1945 the Legion has always been most active in presenting to the government suggestions for improving veterans legislation.

One branch of the Legion which I often visit claims that it was the first branch to propose the war veterans allowance program, and that that program was approved by the other branches, then by the provincial command and the Dominion command, which in turn presented it to the federal government, at which point the proposal was accepted and became law. That program has been of great benefit to a good many Canadian veterans.

Senator Carter yesterday referred to the fact that the Legion has assisted in youth programs, and while we were debating the Olympic coin bill I thought that perhaps many of the youngsters representing Canada in the Olympics probably received their first professional training through programs initiated by the Royal Canadian Legion. I might add that the branches of the Legion did this without trying to sell any product on television, or anything of that nature. They did it because they were interested in youth.

Bill S-28 is referred to in some Legion circles as the winding-up bill. That does not mean that the Legion is going out of existence. Far from it. However, it does face a problem due to the age of its members. The average World War I veteran is now 81 years of age. The average World War II veteran is now 61 years of age. The executive council of the Legion has recognized that problem, and has had for some time a legislative committee working on it. In the near future a great many small branches will have to close because the membership will drop below the minimum allowed.

The legislative committee has worked for many years, and has spent a great deal of time drafting the proposed amendments to the act. I may question one or two of the amendments, but I would not wish to detract from the excellent work the committee has done.

In my opinion subclause (2) of clause 4 of the bill is rather negative. It states:

Upon the winding up or dissolution of any branch, the property of that branch shall not be distributed to or for the benefit of the members thereof.

But it gives no direction as to where the funds should go. It is my understanding that the funds will, by Legion by-laws, be placed in trust for a period of years until it is felt that there is no longer any hope of revitalizing the particular branch, and that then the moneys will pass to the provincial command. I am certain that may cause much bitterness in many of the smaller branches, which feel that they have worked hard to pay off the mortgages on their Legion homes and, consequently, should have more direction in respect of leaving those funds in their community. They may wish to leave the funds for scholarship purposes or something of that nature.

Incidentally, honourable senators, you might be interested to know that the Legion gives out a great many scholarships each year. In any event, I can just hear a great many Legion members saying that the provincial command has no right to take their money.

Clause 5(2) introduces a new aspect in the legislation, and that is that a branch wishing to mortgage its property or lease its property must receive approval in writing from the provincial command. Here again I feel that there may be a great many complaints at the so-called grass roots level. Obviously, if a particular branch wishes to lease its building it will take the attitude that its members have paid for the building and it is theirs, and why should they have to request approval from someone else.

Furthermore, many branches are now acquiring property, shorefront property or lakefront property, for use by their members and their families. In order to acquire that property they often mortgage their buildings. I would not wish to be a member of a provincial executive which refused a branch permission to mortgage its property so that it could enter into an activity of that nature. Quite often the branch that possesses a mortgage is the most active, because its members feel they must work to pay off that mortgage. Indeed, I have often noticed that once a Legion branch burns its mortgage the interest in the branch deteriorates.

It is my understanding, honourable senators, that this bill, by our rules, must go to a committee, and that there will be representatives of the Legion appearing before that committee. I am sure you will find them quite willing and able to answer any questions you might wish to ask.

Hon. Chesley W. Carter: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Carter speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Carter: Honourable senators, I thank Senator Phillips for his constructive contribution to this debate. I was particularly impressed by his allusion to the debate on the Olympic coins, and the likelihood that many of the athletes participating in the Olympics next year would probably have received their initial training through programs initiated by the Royal Canadian Legion. He drew attention to the connection between the Olympic Games and the Royal Canadian Legion sports training program

because, as he said, many of the Canadian contestants in the games will no doubt have benefited directly from that program. I think it is very useful to have that point on the record.

● (1530)

Senator Phillips raised several other very valid points, and I do not pretend that I can deal with them adequately at this time. This bill must go to a committee, and I plan to move that it be referred to a committee as soon as it is given second reading.

With respect to clause 4(2), which, as he said, is couched in negative terms, it merely prohibits any of the property of the branch being distributed to or for the benefit of the members. The principle is that when a branch is wound up the members should not be permitted to dispose of the property and divide it among themselves. Actually it is the property of the branch, and really the property of the previous members. The branch may have had 100 members, and then seen that membership dwindle down to 10 to 12, or insufficient to carry it on. It is not fair that those 10 or 12 should then divide the proceeds among themselves, when they really belong to a much larger group.

The other point is with respect to branches obtaining permission from the provincial command to dispose of their property. There are two reasons for this. One is to exercise some control over branches to ensure that they will not become overburdened with debt which they are not able to handle. The second concerns the qualification that the branch must get permission "except in the ordinary and usual course of its activities." I made inquiries as to what that phrase meant, and I was told that it would depend on the by-laws of the particular branch. All by-laws of provincial commands are governed by the by-laws of Dominion command—which is the Dominion convention, the ultimate authority. Similarly, branch by-laws must conform to the provincial command by-laws. Within that framework there is some latitude for variation. It does not necessarily mean that every branch would have to get permission. It would vary with the by-laws.

The general purpose of the bill is to provide an orderly way of winding up the affairs of a branch or a command when it can no longer exist, and to provide for the ordinary disposal of the assets or property of such a branch or command. I think that covers the point raised by Senator Phillips.

I realize my answers are far from adequate, but a much more detailed explanation can be received when we consider the bill in committee.

Senator Grosart: Honourable senators, may I ask Senator Carter a question? Have all the provincial branches agreed to this bill?

Senator Carter: Yes. These amendments were all approved at the last Dominion convention of the Royal Canadian Legion. That convention was made up of delegates from all branches in the country. So the amendments have been approved by representatives of all the branches that comprise the Canadian Legion.

Senator Grosart: Have they been approved specifically by the branches? In other words, has a draft of this bill been sent to each branch, and has each branch replied that it approved?

Senator Carter: I cannot really say that. If you are asking whether, after the Dominion command approved it, they sent it back to the branches for approval, I can say I inquired about that and was told that that was unnecessary because, they said, the branches represented at the convention gave approval, and under the act the Dominion command is the ultimate authority and so referral back to branches was not necessary.

Senator Grosart: It would be necessary, obviously, if any branch disagreed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Carter moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

SUSPENSION OF RULE 95

Senator Carter: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move, seconded by Senator Laird, that rule 95, whereby a private bill originating in the Senate shall not be considered until after one week from the date of referral, be suspended with respect to Bill S-28, intituled: "An act respecting the Royal Canadian Legion".

The Hon. the Speaker: Honourable senators, is there unanimous consent?

Senator Grosart: No.

Senator Flynn: I think leave is being asked at this time to suspend rule 45, and not rule 95. When the motion is put, it will be up to the Senate to decide whether it is willing to suspend rule 95, which is something different. I think the question now concerns rule 45. I would grant leave to suspend rule 45, but not yet to suspend rule 95.

The Hon. the Speaker: The motion refers to rule 95.

Senator Flynn: No, no.

The Hon. the Speaker: The first question is whether the Senate is granting leave for the presentation of this motion at this time.

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Carter, seconded by the Honourable Senator Laird, that rule 95, whereby a private bill originating in the Senate cannot be considered by a committee until after one week from the date of referral, be suspended in relation to Bill S-28, intituled an act respecting the Royal Canadian Legion.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Grosart: No. Honourable senators, the difficulty here is that under our rules the motion itself appears to be out of order. Rule 88 says:

A motion for the suspension of the rule upon any petition for a private bill—

And this is a motion on a petition for a private bill—

—shall not be in order, unless such suspension has been recommended by the Committee on Standing Rules and Orders.

● (1540)

So far as I know there has been no indication to the Senate that such recommendation has been received from that committee. Perhaps the mover of the motion will comment on that.

Senator Carter: I realize that Senator Grosart is an expert on the rules, and I certainly am not. I sought advice on this matter, and the only advice I was given was that the rules required that the consideration of this bill, which is a private bill originating in the Senate, by a committee be deferred for one week after referral. In other words, the committee could not meet until the expiry of a week after the bill had been referred to it. I have made other inquiries, and was told that there are precedents for this. There have been occasions when rule 95 has been suspended.

I would plead with honourable senators to give serious consideration to this, because there is a time factor involved in the passage of this bill. The fact that this bill is presented to the Senate at such a late date is not the fault of the Royal Canadian Legion. Their petition was presented to our Law Clerk's office on November 15, 1974. That is many months ago. As late as March I was in touch with the office of the Law Clerk, trying to get this matter expedited, but the illness of the Law Clerk and the extra work that has been placed on his assistant have made it impossible to have the bill prepared until now. If the committee is not permitted to consider it until after a week has passed then probably it will not consider it until after Parliament reassembles in October. If Parliament reassembles about the middle of October, we shall probably need a week to get the committee together, and it is very likely that another week will pass before we can send the bill to the other place.

Senator Flynn: The question is not whether you are right in what you are saying, but whether the Senate can suspend rule 88, which is formal. It seems to me that it cannot, if the rule applies at this stage. That is the only point that is being debated at this time. What you are saying now may be applicable to the substance of the motion, but the point of order raised by Senator Grosart is only as to whether, under rule 88, we can give you leave to suspend rule 95.

Senator Grosart: Perhaps I could add, so that Senator Carter will not be too frustrated in the matter, that I have every sympathy with the substance of the bill and with his desire to get it through. I must say, however, that I am shocked to be told that a petition was presented to the officials of the Senate on November 15, 1974, and that the bill does not come before us until Parliament is about to recess for the following summer. I would certainly commend to the Leader of the Government that this be looked into.

The reasons given do not make one bit of sense to me. There has been sickness, and there has been work, but to say that, knowing these rules and knowing the problem here, the officials of this chamber could not get this petition to us before now is simply unacceptable.

Senator Flynn: It is not the responsibility of the leader.

Senator Grosart: I am not saying whose responsibility it is, but I would suggest that the responsibility of the leader in the matter as it now stands, since he is concerned with the efficiency of the operations of the Senate, is to find out why this has happened.

Having said that, I must also say that I am very sympathetic with Senator Carter's desire to get this bill through, and I would like to point out that there is a very easy way out for him. Rule 88, if I am right, says that unless such suspension has been recommended by the Committee on Standing Rules and Orders, the suspension cannot be granted.

It may be thought that I am being too strict in my interpretation of our rules, but this happens to be a very important rule. Its purpose is to prevent a private bill going through the Senate while someone who may be affected by it does not know what is happening. That is why I asked the question about the branches. The answer given was generally satisfactory. On the other hand, Senator Phillips has suggested that there may be branches—that is, there may be persons—affected by this bill who may not agree with some of the amendments. He suggested that they be given the opportunity to come before the committee.

That is really another matter. That is a matter for the Committee on Standing Rules and Orders to decide. I therefore suggest that, because of the importance of maintaining this rule of deferring a private bill for one week, Senator Carter might now wish to ask that the Committee on Standing Rules and Orders be called—which can be done at almost any time—and, if that committee agrees, then rule 88 would not be an obstruction to consideration of the bill by committee in less than a week.

Senator Langlois: In speaking to this point of order, I might be accused of interpreting rule 88 too restrictively, but I doubt that rule 88 applies to the present situation. It reads as follows:

A motion for the suspension of the rules upon any petition for a private bill shall not be in order, unless such suspension has been recommended by the Committee on Standing Rules and Orders.

We are now past the petition stage, and are on second reading of the bill.

Senator Grosart: The petition is still before us.

Senator Langlois: The bill is before us, not the petition.

Senator Grosart: The petition is before us.

Senator Langlois: If my honourable friends refer to rule 87, they will see that the examiner of the petition has to report to the Rules Committee. This will explain why we have rule 88, which says that we cannot suspend this examination by the Rules Committee without that committee's permission. I think that is the correct way to interpret rule 88. I have a serious doubt about my friend's interpretation of rule 88. I am inclined to believe that rule 88 does not apply to the present situation.

Senator Grosart: This may be so. We are, however, just dealing with words.

[Senator Grosart.]

Senator Langlois: This is a bill that we have before us, not a petition.

Senator Grosart: But we are dealing with a petition that has now been introduced as a bill.

Senator Langlois: We are past the petition stage. We are dealing with the bill itself.

Senator Grosart: Let us not argue that. It can be taken both ways. I suggest the easy way out, in order to resolve the problem, is to have the Committee on Rules and Orders called to give this specific permission.

Senator Godfrey: Honourable senators, may I say a word? I came to exactly the same conclusion as Senator Langlois. I do not think we should be establishing a precedent here. I am no expert on the rules, but it is obvious to me that rule 88 applies only to the petition stage, which we have now passed. We are now on the bill, and rule 88 does not apply.

Senator Laird: Honourable senators, I would like to suggest another way out, since the Leader of the Opposition and the Deputy Leader of the Government have expressed sympathy with the plight of this bill. I suggest that rule 3 is applicable. It reads as follows:

Any rule or part thereof may be suspended without notice by leave of the Senate, the rule or part thereof proposed to be suspended, and the reason for the proposed suspension, being distinctly stated.

That makes it subject to a condition, namely, that the reason be stated. That condition, I submit, has been fulfilled.

Senator Grosart: As much as I would like to agree with Senator Laird, I think that is not a proper interpretation, because the issue before us is as to whether the motion to suspend the rule is in order. This is an entirely different thing.

Rule 3, I am quite sure, does not apply here. Rule 3 provides that if a motion is made for leave, leave can be given. However, rule 88, if it applies—and I suggest that it does, for a reason which I will indicate in a moment—provides that the motion cannot be made. The motion cannot be made, therefore rule 3 could not cover it.

• (1550)

The reason I suggest that rule 88 does cover this is that after some discussion in the Standing Committee on Standing Rules and Orders I made inquiries—I am sorry that I cannot quote at the moment any authorities—and was told that this rule is specifically worded in this manner in order to protect rule 95. It may be, or it may not, that it is to protect those who might be affected by a private bill from the conditions of rule 95, which is for their protection, being waived by leave. This may be so. I can only say that, having raised the point of order, and if it is not the wish of the Senate to have a ruling on it, the simple way out might be for the Committee on Standing Rules and Orders to discuss the matter.

I will say no more. I am in sympathy with the purpose of the bill, and am anxious to see it referred to committee. Presumably, if it did go to committee immediately, those branches which might be interested, and to which Senator Phillips has referred, could be called. I wish to make it

clear that I am, only raising the point that if this rule applies it should be followed.

Senator Perrault: Honourable senators, I am sure there is general sympathy in this chamber with the desire of the Royal Canadian Legion, an organization which we all respect, to have this matter expedited. In my opinion, the Deputy Leader of the Opposition has certainly made a valid point by questioning why it has taken this length of time for the bill to be brought before us. I wonder whether it might not be in the best interests of all to have an interpretation from the Chair as to this particular point raised by the honourable senator. Such a ruling may make it unnecessary to refer this matter to the Standing Committee on Standing Rules and Orders.

The Hon. the Speaker: Honourable senators, rule 88 deals with a petition, whereas rule 95 refers to a bill. With respect to Bill S-28, the petition was read yesterday, and the report of the Examiner of Petitions for Private Bills was laid on the Table. It states that the Rules of the Senate were complied with by the petitioners. Then the bill was presented and read a first time. The Honourable Senator Carter's motion is for the suspension of rule 95, which provides for one week's delay before a private bill can be considered by a committee.

The Honourable Senator Carter obtained leave of the Senate to move his motion for the suspension of rule 95, by authority of rule 3, which reads as follows:

Any rule or part thereof may be suspended without notice by leave of the Senate, the rule or part thereof proposed to be suspended, and the reason for the proposed suspension, being distinctly stated.

The Honourable Senator Carter then moved his motion and the question was put. However, if honourable senators wish to comment further, I will hear them and reserve my decision until later. If not, I rule that the Honourable Senator Carter's motion which was moved, with leave, pursuant to rule 3, is in order.

I therefore put the question again.

Senator Flynn: The question has been put.

Senator Langlois: We were on the merits.

Senator Flynn: Her Honour the Speaker has made a ruling on the substance of the motion, and I do not believe anyone feels like appealing it. We had some doubts and wished to clarify the situation.

However, on the merits I would like Senator Carter to assure me that he will take the necessary precautions to have all those interested notified of the meeting of the committee. I also wish him to acknowledge this responsibility to the Senate, because after all, when we give him leave to proceed tomorrow rather than a week from now we may be affecting the rights of individuals. It is his responsibility to assure us that no harm will result from the leave he seeks, and we would grant it on that condition.

Senator Carter: I will give my honourable friend as much assurance as I can. I am not sure how much assurance he requires. If he is asking that I assure him that every branch in Canada will be notified, I cannot give him that assurance. However, I can assure him that all the officials interested in this bill will be notified.

Senator Flynn: Are you satisfied that we would not be taking an undue risk in doing that?

Senator Carter: I can give you that assurance now. We all have laws and rules with which we do not agree, but we abide by them. Even if branches such as those mentioned by Senator Phillips do not agree with these amendments, I must point out once more that the amendments have been approved by the Dominion convention, at which all the branches were represented and concurred. There is, therefore, no point in referring them back to someone who might disagree with them. The power of the Dominion convention in matters such as this is ultimate, and no branch can do very much about it except obey the rules which have been agreed upon by the majority.

Senator Grosart: I am sure the honourable senator has attended conferences at which all present did not agree with the decision of the majority. However, I am not raising that point.

Senator Perrault: We do not always agree in this chamber.

Motion agreed to.

PETRO-CANADA BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Cook, seconded by the Honourable Senator Paterson, for the second reading of the Bill C-8, intituled: "An Act to establish a national petroleum company".—(Honourable Senator Grosart)

Senator Grosart: Honourable senators, I wish to stand this order until the next sitting of the Senate. I am prepared to go ahead, and wish to assure the Leader of the Government that I have no intention of delaying the discussion of this bill. I have some comments to make on it but, as I expect I may be called upon to say something on another motion today, I feel that at this moment perhaps discretion is the better part of valour.

Order stands.

CUSTOMS TARIFF, (NO. 3)

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. W. M. Benidickson moved the second reading of Bill C-67, to amend the Customs Tariff, (No. 3).

He said: Honourable senators, this bill has reached us sooner than I think we anticipated. It was passed last night in the other place and, with leave, we have agreed to proceed with it today.

The bill we are now looking at will implement the Customs Tariff changes contained in the notice of ways and means motion which was tabled in the House of Commons on budget night, June 23. The Minister of Finance said in his budget speech that, because of the multilateral trade negotiations now in progress in Geneva, many requests for tariff changes will have to be considered in the course of these negotiations. He did, however, propose about a score of tariff reductions to come into effect on June 24.

One measure which I think is of considerable and widespread interest is the liberalization of the so-called gift item. In the course of preparation of the budget, the minister received a number of representations requesting an increase in the \$10 limit on gifts which could be sent by persons abroad to friends in Canada, or brought into Canada by non-residents as gifts to friends, without payment of duties and taxes. More important, however, were the representations objecting to the requirement that duty and taxes be paid on the full value of gifts when the value exceeded the \$10 limit, even by a small amount. In response to those representations, it is proposed by this bill to raise the present valuation limit on gifts from \$10 to \$15. In the event that the value of the gift exceeds the new limit of \$15, duty and taxes will be assessed only on the amount in excess of this limit.

● (1600)

This may not seem to be a large increase, but it is an item that can be subject to some fraud. I might point out that the similar limit in the United States tariff is still \$10.

Continuation of the temporary duty-free entry provisions for aircraft and aircraft engines, one of the more important items in the appendix to the bill, and for certain petroleum products, is also proposed. Free entry for petroleum products such as gasoline, fuel oils, aviation and diesel fuels, for which free entry would have expired on October 23, 1975, will be extended until June 30, 1977. Aircraft and aircraft engines of types or sizes not made in Canada will be allowed duty-free entry for a further year until June 30, 1976.

Customs duties are being eliminated in respect of a number of other products, either by the introduction of new tariff items or by the amendment of existing items. I know that honourable senators from some agricultural constituencies will have noted that duty-free entry is being provided for air conditioners for installation in combines. Also, in response to numerous representations, duty-free entry is being proposed for liturgical and certain other printed music, and for hymn books.

As honourable senators are aware, we are generally obliged to go back and look at the original first reading text of a bill as presented in the House of Commons for any explanatory notes. Such explanatory notes are of particular value in respect of this particular bill. I note that honourable senators and I have just now received the third reading text! It is without amendment, and appears to be exactly the same as the first reading text, which is also in our desks.

Unlike last year, the third reading text, to my gratification, does include an annex or schedule which reproduces, item-by-item, the individual items that are affected by the proposed changes in the last budget. Without this

representation, or additional presentation, of the ways and means budget details, it is very difficult, having only a third reading text—as was the situation last November—for honourable senators to debate and consider here or in committee a budget bill. However, I am gratified that this time—and I think perhaps it is due to the complaints voiced in the Committee on Banking, Trade and Commerce and in this chamber last year—the third reading text of this bill does contain a schedule with a copy of the details as presented in the ways and means budget resolutions.

On motion of Senator Grosart, debate adjourned.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, I move the adjournment of the Senate.

Senator Choquette: Before the Senate adjourns, might I ask the Deputy Leader of the Government if he has any information at all as to whether we will be able to adjourn for the summer on Friday? We seem to be going through a great deal of legislation rather rapidly, and I am sure we would all give a helping hand if we had that assurance. Can the Deputy Leader of the Government give us that assurance?

Senator Langlois: Honourable senators, I can inform you that before the Senate assembled this afternoon I had a discussion with the Leader of the Opposition, and he is just as much in the dark as I am as to when we will be able to adjourn for the summer.

Senator Grosart: That is unusual.

Senator Langlois: Hopefully, we will get the remainder of the legislation which is on the priority list of the government before the end of the week. That may mean that we will have to sit on Friday and Saturday in order to finish this week, in which case the other place would have to agree to sit on Saturday.

In our discussion at noon today, the Leader of the Opposition and I agreed that before the doors of the Senate are opened for tomorrow's sitting we will have a free discussion on this subject, at which time we might perhaps be able to make a decision in the light of events as they will be known to us then.

Senator Grosart: Does the Deputy Leader of the Government have information that we will have the necessary facts from the other place?

Senator Langlois: I said "hopefully." I cannot go any further than that.

Senator Grosart: Hope springs eternal in the human breast.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 17, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that Bill C-70, to amend the Public Service Staff Relations Act, had been referred to the Special Joint Committee on Employer-Employee Relations in the Public Service.

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Clarke (Vancouver Quadra) had been substituted for that of Mr. Dinsdale on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

NATIONAL CAPITAL COMMISSION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the name of Mr. Stewart (Cochrane) had been substituted for that of Mr. Corbin, and that the name of Mr. Saltsman had been substituted for that of Mr. Knowles (Winnipeg North Centre) on the list of members appointed to serve on the Special Joint Committee on the National Capital Region.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Army Benevolent Fund Board, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 13 of the Army Benevolent Fund Act, Chapter A-16, R.S.C., 1970.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

FOURTH REPORT OF SPECIAL JOINT COMMITTEE TABLED

Senator Buckwold, Joint Chairman of the Special Joint Committee of the Senate and House of Commons on

Employer-Employee Relations in the Public Service, tabled its fourth report as follows:

Wednesday, July 16, 1975.

The Special Joint Committee of the Senate and of the House of Commons on Employer-Employee Relations in the Public Service has the honour to present its fourth report as follows:

Pursuant to the Order of Reference of the House of Commons of Tuesday, July 15, 1975, the committee has examined Bill C-70, intituled: "An Act to amend the Public Service Staff Relations Act" and has agreed to report it without amendment.

A copy of the Minutes of Proceedings and Evidence relating to this bill (*Issue No. 41*) is appended.

Respectfully submitted.

Sidney L. Buckwold,
Joint Chairman.

OLYMPIC (1976) ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Macnaughton, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-63, to amend the Olympic (1976) Act, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Deschatelets: With leave, I move third reading of the bill now.

Senator Flynn: Is there any special reason for moving third reading now?

Senator Deschatelets: No.

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Senator Flynn: If it will start the processing of the minting of the gold coins, I will give leave.

Senator Perrault: All that glitters is not gold.

The Hon. the Speaker: Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

ROYAL CANADIAN LEGION—REPORT OF COMMITTEE

Senator Carter, Chairman of the Standing Senate Committee on Health, Welfare and Science, reported that the

committee had considered Bill S-28, respecting the Royal Canadian Legion, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Carter: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

Senator Flynn: It is, of course, very difficult to treat this bill otherwise than we treated the previous one, but I should like to have put on record that the reason for giving leave at this time is so that the bill can go to the other place and any omission on our part can be corrected.

The Hon. the Speaker: Is there unanimous consent, honourable senators?

Hon. Senators: Agreed.

Senator Carter: Honourable senators, I should like to take a minute of your time to express my thanks and appreciation to all senators, with a special word of thanks to Senator Flynn and our friends in the loyal Opposition, for their assistance and cooperation in expediting the passage of this bill.

I should also like to take advantage of this opportunity to correct a statement I made yesterday, which is to be found at page 1207 of *Hansard*. At that time I said:

The fact that this bill is presented to the Senate at such a late date is not the fault of the Royal Canadian Legion. Their petition was presented to our Law Clerk's office on November 15, 1974.

I find that the reference to that date is not completely accurate. The petition was signed on November 15. What was presented to the Law Clerk's office on that date was a preliminary draft of the amendments, which was presented to the Law Clerk for his comments, which he gave at that time. The amendments were then advertised, in accordance with rule 86, and the petition was actually filed with the Senate on May 28, 1975, not on November 15, 1974, as I stated yesterday.

Motion agreed to and bill read third time and passed.

● (1410)

AGRICULTURAL STABILIZATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Argue, Chairman of the Standing Senate Committee on Agriculture, reported that the committee had considered Bill C-50, to amend the Agricultural Stabilization Act, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Greene: With leave, now.

Senator Flynn: Is there any good reason?

[Senator Carter.]

Senator Greene: I might point out to my honourable friends opposite that Senator Macdonald, in his very helpful and constructive speech on behalf of Her Majesty's loyal Opposition on second reading of this bill, indicated—and I believe he was speaking for his party—that they were willing to pass it without its going to committee, which meant it would have been passed yesterday. On this side we felt that it would only be right that the bill go to committee, to give the Opposition and anyone else who wished to have a say an opportunity to examine the bill in further detail. The committee met yesterday. Her Majesty's loyal Opposition was ably represented there by Senator Haig. It seems to me that in keeping with the spirit of Senator Macdonald's speech on second reading, Her Majesty's loyal Opposition indicated they wished the bill passed as summarily as possible. That is why I am taking the opportunity of asking leave at this time, so that it might be passed now, in accordance with what was requested by Her Majesty's loyal Opposition on second reading, as well as the wish on this side.

Senator Flynn: I am in a good mood today; leave is granted.

The Hon. the Speaker: Honourable senators, is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

AGRICULTURE

CROP INSURANCE PROGRAMS—REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Senator Argue: Honourable senators, some time ago the Standing Senate Committee on Agriculture undertook a study of crop insurance programs. This study is still going on, but in order to keep the Senate informed and in order to make possible some interim recommendations, I have the honour to present, in English and in French, the report of the Standing Senate Committee on Agriculture on crop insurance programs. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of Proceedings of the Senate* of this day and form part of the permanent records of this House.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(For text of report see appendix A, pp. 1227-1229.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Argue moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

NATIONAL CAPITAL REGION

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Quart be substituted for that of the Honourable Senator MacDonald on the list of senators serving on the Special Joint Committee on the National Capital Region; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, at this stage I should like to inform the Senate that later on I will seek leave to revert to Notices of Motions in order to move the adjournment motion after due consideration has been given to the exchanges which took place between the leaders of this house before the doors were opened this afternoon. I hope to receive further information from the other place with respect to the possibility of adjourning this session next week.

SMALL FARMS DEVELOPMENT PROGRAM

NUMBER OF LOANS APPROVED FOR PROVINCES—COMMENT ON ANSWER TO QUESTION

Senator Michaud: Honourable senators, I wish at this time to express my thanks to the Honourable Leader of the Government for providing the Senate with the statistics I had requested with respect to the number of applications under the Small Farms Development Program approved for each province to June 30, 1975. These statistics can be found at page 1198 of yesterday's *Debates of the Senate*, July 16, 1975.

I should like now to comment briefly on those statistics. The Standing Senate Committee on Agriculture, as honourable senators will recall, met in Moncton, New Brunswick, on June 13 and 14, 1973, to resume its study of certain aspects of agricultural problems in Eastern Canada. At the opening of the proceedings, the Chairman, the Honourable Senator Argue, made the statement that the Standing Senate Committee on Agriculture would consider the matter of marginal, submarginal and abandoned farm lands in Eastern Canada, noting in particular the situation in Kent County, New Brunswick.

In the light of those statistics, which have now been published, one thing is clear: the agricultural problem as it concerns small farms in New Brunswick, and in Kent County particularly, is far from being solved. Further inquiries into the matter have revealed that, out of the total of 117 applications registered at the different offices of the Farm Credit Corporation in New Brunswick since the inception of the Small Farms Development Program, only 12 have been registered at the Moncton office. When one realizes, however, that the Moncton office serves both the Kent County and the eastern New Brunswick area, it becomes obvious that the situation which these figures reveal will undoubtedly stimulate a further investigation into the matter by the Standing Senate Committee on Agriculture, since it will no doubt wish to learn why this legislative measure is not producing in the Atlantic provinces, generally, the results anticipated when the measure was adopted by Parliament in 1972.

● (1420)

Senator Grosart: Honourable senators, I did not intervene when Senator Michaud said that he would make some comments on the answer, out of respect to him and his interest in that particular subject. However, so that what has just happened will not be regarded as a precedent, I would like to draw the attention of the Senate to rule 32, which reads:

A debate shall not be in order on a mere interrogation, but brief explanatory remarks may be made by the senator making the interrogation and by the senator answering the same. Observations upon any such answer shall not be allowed.

My understanding is that that does apply to the question period. Again, I apologize to Senator Michaud, because I respect him greatly and it is possible, when we look again at our rules, that it may be decided that mere interrogation might refer to something other than the question period.

THE SENATE

UNIFORMS OF PROTECTIVE STAFF—FURTHER QUESTION

Senator Argue: Honourable senators, on Wednesday, July 9, I drew attention to the fact that the members of our protective staff were still wearing their winter uniforms, and I asked the Leader of the Government whether something might be done to permit them to wear their summer uniforms. I was pleased to be informed at that time that the leader had already raised this question on his own initiative. In any event, I recall that when I raised the question in the house there was some general applause. I took it that it was the feeling of honourable senators that our protective staff should be allowed to wear their summer uniforms and not be kept in stifling winter garb until one of them dropped dead of a heart attack. We might then all of a sudden decide that something should have been done about it.

I see that Senator Greene is wearing his summer tunic this afternoon, and I congratulate him for it. Sometimes I wonder who runs the Senate. I think the senators should run the Senate, and it is my feeling that senators want their protective staff treated humanely and that they be allowed to dress in their summer uniforms. I want to inform the house that unless action is taken at an early date I am going to formally move in this chamber that the Senate issue such instructions.

Senator Choquette: Hear, hear.

Senator Perrault: I assure honourable senators that conversations have been held on this particular subject, which was a commitment I believe I gave on Wednesday, July 9. At the same time, I would like to suggest that in any institution of this kind—and I am not speaking only about those who serve us so well on the protective staff—there has to be a standard of dress and decorum established, and I am one who believes that certain standards are necessary in Parliament, both in the Senate and in the other place. There are established standards of dress and decorum in similar institutions in our country. They are a part and parcel of the traditions of these institutions. I think, however, that common sense should prevail when

conditions clearly point to the desirability of flexibility in regulations of any kind.

Senator Argue: I would point out that the members of the House of Commons protective staff have been in their light uniforms for many weeks, and I cannot see that it takes anything away from the decorum of the other place.

Senator Perrault: There is some difference between the functions and duties of the two protective staffs, but I want to assure the Senate that conversations have been held on the matter.

Senator Choquette: Summer will be over before the conversations are over.

Senator Perrault: Perhaps we will be discussing then whether they should be allowed to wear their overcoats when winter comes.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972

BILL TO AMEND—THIRD READING

Senator Langlois moved the third reading of Bill C-57, to amend the Federal-Provincial Fiscal Arrangements Act, 1972.

Motion agreed to and bill read third time and passed.

CUSTOMS TARIFF, (NO. 3)

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Benidickson for the second reading of Bill C-67, to amend the Customs Tariff, (No. 3).

Hon. Allister Grosart: Honourable senators, Senator Benidickson has given us as detailed an explanation of this bill as we need for present purposes. It is essentially a customs tariff housekeeping bill in that it deals with 14 tariff items as set out in the schedule. None of them represents in any way a very important change in the tariff, the majority merely continuing existing free entry already granted on a temporary basis for various reasons, but mainly because they are products that are not made in Canada. Therefore, these continuations of free entry are temporary so that the Minister of National Revenue will have an opportunity at any given time to change the category if it appears that a competitive item is being made in Canada.

It may interest honourable senators to know that customs tariff and excise revenues still constitute a substantial part of the income of the Consolidated Revenue Fund. Excise duties and revenues last year brought in \$749 million, and customs import tariffs brought in \$1.81 billion, making a total of \$2.5 billion, which is no small part of the total revenues of the federal government. I say that because it is sometimes assumed that the result of excise duties and customs tariffs is the protection of industry in Canada, although that, of course, is one of its main purposes.

The largest item here deals with aircraft and aircraft engines, with imports amounting to about \$400 million. These aircraft and aircraft engines are of types and sizes

[Senator Perrault.]

that are not made in Canada. This free entry has been granted since 1952, and has been continued for the reasons I have just indicated. The present free entry expired on June 30 last year, and was not renewed because of the defeat of the government on its budget at that time, but it has been carried on by means of remission of duties by Order in Council. It was renewed in the budget of November 18 to continue until June 30, 1975. So that in passing this bill we will be authorizing the government to permit continued free entry for these items.

Then there are some of the usual motherhood items—free entry of various religious publications, hymn books, liturgies, and so on. There is a group of petrochemical items—gas (aviation), gas (light, heating, diesel), petroleum feedstocks, heavy fuels, and so on. The importation of these items, which last year came to a value of \$160 million, is continued as free entry.

Then there are farm items which Senator Benidickson called attention to. There is provision for air conditioners for farm combine harvesters, on the very sound ground that air conditioners for farm tractors are already entry-free.

As a gesture to the print media, polymer plates for letterpress printing will in future be granted free entry, at least until next year. At the moment these are not made in Canada, and the request for this exemption comes from the Canadian Daily Newspapers Association. It is interesting to note that this application was opposed by the manufacturers of a different type of plate, namely, that which is used in offset printing. The government, however, has granted free entry for the time being on the grounds that this particular type of letterpress plate is not made in Canada.

● (1430)

Senator Benidickson drew particular attention to the increase in the value of gifts permitted to be received by Canadians, usually by mail and sometimes brought in by non-residents. This increase, Senator Benidickson told us, is from \$10 to \$15. This may not sound like a huge increase, but we are told there is a very good reason why it is not higher. The reason why Canadians are not permitted to receive gifts from abroad to the value of more than \$15 without paying duty is that if this amount was raised substantially it would possibly give rise to many abuses.

A second change has been made here. At present, if a gift item valued at more than \$10 is received, the duty is assessed on a total value and not merely on the overage.

This is to be corrected in respect of the increased value of \$15, but it does not apply, I regret to say, to alcohol and tobacco products.

That is about all there is to the bill. I thank Senator Benidickson for giving me access to some facts that made it unnecessary for me to ask some detailed questions which I might otherwise have asked. All the items are covered by a ways and means motion introduced in the other place on mini-budget night.

Senator Benidickson has asked whether we on this side of the house consider it necessary for the bill to go to committee. I would think not. I am authorized to say that so far as we are concerned we do not feel it is necessary for this bill to go to committee.

Hon. W. M. Benidickson: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if Senator Benidickson speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Benidickson: Honourable senators, I will merely point out, as I did yesterday, that the list of items affecting our tariffs by reason of this bill is unduly slender this year, largely due to the fact that discussions are going on at present on a multilateral basis at Geneva. There are just about a score of alterations at this time.

I have had some experience with bills of this type over a great number of years. I am concerned about them, and pay some attention to them. I do not find anything controversial about this one, and I am glad to hear Senator Grosart say, on behalf of the official Opposition, that he does not feel it necessary this year to refer the bill to the Standing Senate Committee on Banking, Trade and Commerce, which I believe dealt with all budget bills last year. If that is the wish of honourable senators, I will not, of course, make the usual motion.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Benidickson: Honourable senators, in view of the unusual situation existing because of the approach of the summer recess, if it is your wish to report the passing of this bill promptly to the other house, I will move, with leave, that it be read the third time now.

Senator Grosart: Honourable senators, in view of the atmosphere prevailing, I see no alternative but for us on this side of the house to agree. I would like to make the caveat that I do not want this to be regarded as a precedent, particularly in respect of the bill that might shortly follow this one on the Order Paper.

The Hon. the Speaker: Honourable senators, is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

PETRO-CANADA BILL

SECOND READING

The Senate resumed from Monday, July 14, the debate on the motion of Senator Cook for second reading of bill C-8, to establish a national petroleum company.

Hon. Allister Grosart: Honourable senators will, I am sure, recognize the reason why I am rising a second time on a bill in the same day. I may, in fact, be required to speak a third time today on another motion.

Senator Choquette: We always like to hear you.

Senator Grosart: The heat is on, in more ways than one at the present time, and I am sure honourable senators will forgive me for trespassing on their time to the extent that I shall be today.

This bill, concerning the intention to form a crown corporation to be known as Petro-Canada, has had a long and tortuous passage through the other place. In fact, it was introduced originally in October of last year, with second reading on March 12. It has been the subject of eight long debates and some 14 committee sessions in the other place.

The sponsor of the bill, Senator Cook, quoted the minister as saying that the bill is neither lengthy nor complex. I am afraid I shall have to disagree with him, because I find it lengthy and extremely complex. But that was not Senator Cook's description of the bill. I am sure he was aware of the danger of what we now call the Laird syndrome; that is, rising in the Senate and saying, "This is a simple bill." That is a very dangerous thing to do.

The more I study the bill, the more convinced I am that it is an absolutely unnecessary piece of legislation. There can be no question that the objectives, the very laudable objectives, of the government will not, and cannot, be achieved by this bill, and that those laudable objectives could all be achieved by a much more simple and more effective type of legislation.

The bill purports to set up a proprietary crown corporation under the schedule D classification of crown corporations in the Financial Administration Act, with very large powers. This seems to be the first occasion on which we are being asked to approve the formation of a crown corporation to operate in this sphere where there is no question the private sector is already operating efficiently.

To support that, I quote the minister himself, who said:

This does not mean that the government finds that Canada has not been well served by private enterprise in the petroleum industry. Private companies, whether Canadian or foreign-owned, have generally worked vigorously to develop our oil and gas resources, to create transportation systems for them, and to refine and distribute efficiently oil products. The privately owned Canadian oil industry has a good record of technical and managerial innovation.

Yet in this climate the government has decided to intervene and form a crown corporation whose prospects could not be much slimmer than they are.

The reasons given by the minister are these:

The government does not feel assured that the private sector can be relied upon to mobilize all of the enormous amounts of capital which will be required to secure energy development consonant with Canadian needs over the longer term. Nor can it be certain that, faced with attractive investment opportunities and geological possibilities abroad, the private oil industry will be able to concentrate as much effort on our own petroleum prospective areas over the next decades as our needs require.

That is all very well, if there were some evidence produced by the government, or by someone on behalf of the government, that this is so, that this fear is grounded in any kind of factual background.

● (1440)

What is the background? Taking the last 40 years of operation by the private sector in this particular area, in 30 years it has just broken even on its investment. Its

return after 30 years' operation is exactly what the industry as a whole has put into oil and gas exploration, distribution, marketing, and so forth. We are faced at the present time with a situation where it is said that we have about 10 years' supply of these resources, as we now define them, left. What better record could the private sector, or anyone else, have than that? Taking the 40-year period, in 30 years' operation the private sector has broken even on its investment, and we still have 10 years of reserves.

The fact of the matter, of course, is that other countries have not done anywhere near as well, whether in the private or public sectors. Other countries with large potential oil reserves are only now beginning to exploit them. In Canada, the private sector has done what the minister described as a first class job. Why is he now worrying about the future? Perhaps he knows things that we do not; if so, he has not told us. He may, of course, be relying on the fact that in the last year or so there has been a tremendous drop in the amount of drilling, and in exploration generally. The drop has been significant. Last year, drilling dropped by 8 per cent, and this year it is estimated it may drop by 25 per cent. Production last year dropped by 6 per cent, and this year it is estimated it may drop by 7 per cent.

If the government is telling us that its fears are grounded on that fact, the argument, I would have to say, falls flat on the ground. The only reason this situation has developed has been government taxation policy. I am not speaking of only one level of government. The federal government has not been behind other governments in taxing business for the level of exploration that seemed to be necessary to maintain our self-sufficiency in oil for the time being. It has succeeded in driving small and medium-sized companies, many of them Canadian, out of the country. The rigs are still leaving the country, and that is only because of new government policies, particularly policies that have come into effect since the last full budget.

This is not just my opinion. As good an authority as John Meyer, known to many of us, and not as a partisan observer of the economic scene, says:

This is the ministry, after all, which largely by its own efforts has succeeded in bringing an early end to the petroleum self-sufficiency which Canadians had been led to believe would last indefinitely.

For these reasons, honourable senators, I say that this bill is unnecessary. It will create the sixtieth crown corporation set up by this government. Some honourable senators may feel that a crown corporation in this field might be successful. However, the record of crown corporations clearly shows that they, by any standard, have the highest record of ineffectiveness among any group of 60 corporations that you could choose.

The total assets now of all crown corporations amount to over \$17 billion. The return in dividends last year from all crown corporations amounted to \$8 million, or something like .004 per cent. It is fair to say that not all crown corporations are set up with the intention of making a profit. However, the minister has described this bill as an exercise in public enterprise, and Statistics Canada, and others, provide the figures I have just quoted under the heading of "Government Enterprise." If these are the

results we are to look for from government enterprise in this field, I again say the bill is completely unnecessary.

As I said, there are at present 60 crown corporations, and those 60 corporations now have 120 subsidiaries, for a total of 180 companies in the general category of crown corporations. In quoting the figure of \$8 million in dividends last year, I should mention that that includes the profit from such corporations as the Bank of Canada and the Canadian Wheat Board, which are not officially classified as crown corporations. Without those being included, the return would have been nil.

I recall reading a study put out by the government in 1973 called: "An Energy Policy for Canada—Phase 1, Vol. 1, Analysis", which dealt with the question: Is the crown corporation any part of the answer to the energy problem in Canada? That study was broken down into pluses and minuses, reasons yes, and reasons no. I, for one, and I know many others, certainly reached the conclusion that the government had decided as a result of the study in question that the weight came down on the "no" side. That study seemed to indicate that there were more reasons why we should not form a crown corporation in this field than there were reasons why we should.

It has been said that one of the reasons for establishing a crown corporation in this field is so there would be a Canadian government presence. Of course, that presence is already there. The federal government has a presence in Panarctic and also in Syncrude, and we are told that some of the money that will be requested by this bill will be used either to take over or to increase the government's participation in those companies.

This seems much more like a straight political decision than an economic one. One could understand why the government may have been concerned about the fact that it has no national energy policy. It has been talking about announcing one for years, but we do not have one as yet. One gets the impression that this bill is just window dressing—just a cover-up.

It is inconceivable that Petro-Canada would have any success. It is inconceivable that the government even wants it to be successful, certainly in the short term. Why? The bill would authorize a government equity investment of \$500 million in this corporation, and a debt investment of \$1 billion. The government admits it might require \$1½ billion to make this corporation operative. Then an announcement was made that the government would draw down only \$150 million a year for the first five years. Surely, any confession of inadequacy more than that is hardly needed. What will \$150 million a year do to set up a Canadian enterprise presence in this field?

But that was not all. The government then said, "But for the first year we will arrange to appropriate \$50 million. We are not too sure about that." And then the other day the government said, "No, no, \$10 million is enough." So, the government cut its own \$50 million requirement to \$10 million. We start out with the pretense, the hoax, the charade of a \$1½ billion corporation spending \$10 million in the first year in establishing what has been described as an urgent case for government intervention. What is urgent about it?

The government then admitted that it will take 10 or 15 years to get this corporation operating. We have the evidence before us, a statement by the government itself, that our resources will run out in 10 years. Surely there are grounds for my saying that this is a hoax and a charade put before us for political rather than economic reasons.

● (1450)

Because of government policies, the position is now such that Canada is the only country in the world with a substantial oil and gas potential where productivity has actually declined in the last year, and this can be tied clearly to this government's meddling in something about which it knows little. As a matter of fact, one of the reasons given for this bill is that it will help the government to get to know something about this business. We already have the National Energy Board. It is a fantastic confession that the government needs to spend \$1½ billion in order to learn something about as important an aspect of the Canadian economy as this.

The situation clearly is that the government is talking about moving into a void created by itself, by forcing out elements of the private sector, many of them Canadian, merely by the restraints, taxation and muddling of its policies in the last year or so. The reduction in productivity in the last year as a result of this government's actions is, I am told, equivalent to more than the entire capital of Petro-Canada. It is argued that the big five in this industry are foreign-controlled. It is quite true that that represents 90 per cent of the control of the industry. Here again, as I said earlier, we need something more than the vague assertion of foreign control to justify any suggestion that Petro-Canada control will be any better.

It has been said over and over again by leaders of the industry that the present climate in Canada, created by government—not only the federal government but other governments—is such as to drive out the very people we need to explore, to drill and to find the oil necessary to maintain our self-sufficiency ten years from now. The clear evidence, some of which I have quoted here, is that the government has greatly discouraged the major operators in this respect. How often have we heard it said by government spokesmen that the real function of government is to create the climate in which the private sector can achieve the productivity we need to meet all claims on the public purse? Here is the clearest case I have ever encountered where the government itself has created a climate in which the private sector cannot produce, and has had to say so to the government.

I am not one of those who say that there is never a place for crown corporations. There are examples of successful crown corporations, although not very many. I can think of only two or three out of the 60 that I would put in that category. I have examined the whole record, I shall not go into it now, but I point out that there is a complete record available of the investments, the assets, the liabilities, the net worth, the profits—if there are such—the returns on loans by the government, and the dividends. It is a dismal record, even for those crown corporations that were set up with the intention that they either pay their own way, carry themselves, or return a reasonable profit, because corporations under Schedule D of the Financial Adminis-

tration Act are of a type, of course, which do not normally get their funds from annual appropriations.

Another aspect that alarms me is that the government has decided to create this new crown corporation, and to go into the last kind of business for which the government should be using taxpayers' money to this extent. This is a high risk venture. The minister himself agrees with that. He said:

—we are going into this venture in realization of the fact that the hazards of exploration risk, technical and commercial uncertainty await the venture.

Incredible. We are now going into a high risk business with taxpayers' money.

On another bill I said one of the things that has disappointed me about the whole government approach in this field is the fact that it has not up to now set aside any part of the revenues accruing from gas and oil production in Canada for further exploration. Some honourable senators might reply, "This bill is your answer." It is not. What I was asking for on that occasion was the setting aside of some part of the existing revenues for that specific purpose. I suggest that if the government wished to obtain a restoration of exploration productivity, it could have done so very simply in that way.

The industry has asked for this; provincial governments have asked for it. They have asked that the federal government bring in legislation which, after exploring the matter with all those knowledgeable in the subject, will say, "Here is a fair price for oil, taking into account that it will require so much per year on a percentage basis or dollar basis to maintain the level of exploration that Canada needs." That is all that needed to be done. Companies in the field would have welcomed it, because they would have known that there was a price available to them, and that they were required to use a certain percentage of that—a percentage that could be decided by the government—to continue exploration.

The minister has made it clear over and over again that the main activity of Petro-Canada will be in exploration. One can only say, in parenthesis, "With what?" With \$10 million this year? When are they going to start?

Rather than this bill, this strange crown corporation venture into a high risk field, I suggest that a much better alternative would be, first of all, the development of an overall national energy policy. There have been references to possible activities of Petro-Canada in atomic energy, with the provinces in electric energy, and so on. If they are going to do that, they might need to change the name from Petro-Can to something else.

An indicator of the absurdity of this whole thing occurred to me when I read that the original name the government had for this corporation was "Oil-Can," until somebody pointed out to them that there was a famous joint in Vancouver's Gastown known as "Oil Can Harry's." Perhaps it is a shame they changed the name. I think it would be better if this bill went down into history as "Oil Can-Canada."

Senator Perrault: That is better than "Trash-Can."

Hon. Eric Cook: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if Senator Cook speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Cook: Honourable senators, as I pointed out, all this bill does is to give Petro-Canada its charter. The policy and operation of Petro-Canada will always be subject to government approval, and in the final analysis to Parliament itself. It must also be remembered that Parliament will control the budget and funding of the corporation, and there will be ample opportunities to examine and comment on the business of the company.

● (1500)

As I have mentioned, only the future can tell whether the creation of a national oil company will prove to be a good move or a bad move. I think no good purpose would be served in my debating the issue further at this time. Even if I could convince those who oppose the bill, it would probably be the case that:

He that complies against his will

Is of his own opinion still.

Therefore, without further ado, honourable senators, I will leave the fate of this bill in your capable hands.

Senator Grosart: Honourable senators, may I put a question to Senator Cook? He made what was to me a remarkable assertion, that the finances and operations of this company will be determined by Parliament. My information is that one of the great drawbacks of this bill is that this corporation is in no way subject to parliamentary control. Would Senator Cook give me some basis for his statement to the contrary?

Senator Cook: Surely, in the final analysis it is parliamentary control. If the honourable senator refers to the bill, he will see a clause that provides that the corporation will be subject to directions. Clause 7 of the bill says:

(2) In the exercise of its powers, the Corporation shall comply with such policy directions as may from time to time be given to it in writing by the Governor in Council.

(3) Three months before the commencement of each financial year of the Corporation, the Corporation shall submit to the Minister, in such form as the Minister may prescribe, its capital budget for that financial year including therein the capital budget of such subsidiaries of the Corporation as the Minister may prescribe and setting out therein the proposed capital expenditures and commitments of the Corporation and such subsidiaries.

(4) The Corporation may submit to the Minister supplementary capital budgets in such form as the Minister may prescribe.

It will be seen, therefore, from those three subclauses (2), (3) and (4), that, first of all, the corporation has to comply with such instructions as may be given to it by the Governor in Council and, which is equally important, the corporation's budget must receive the approval of the Governor in Council.

I think the honourable senator is a capable enough businessman to know that the budget and expenditure of the corporation is the focal point, and if the budget is

[Senator Cook.]

subject to the approval of the Governor in Council that is, in effect, saying that most of the major activities of the corporation are subject to the approval of the government. That is to be taken in conjunction with subclause (2) which says that the corporation has to carry out such policy directions as may from time to time be given to it in writing by the Governor in Council.

Senator Grosart: Would the honourable senator permit me to ask him if he is not somewhat surprised at the answer he gave me? Seven or eight times he referred to control by the Governor in Council, and three or four times to the Cabinet, but not once did he mention the word "Parliament."

Senator Cook: Surely the honourable senator will agree that the Cabinet is subject to Parliament, when it comes to the final analysis, and therefore my statement that the corporation is subject to Parliament is perfectly correct.

Senator Grosart: It was, in the good old days.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Cook moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

FORESTRY

DEVASTATION OF FORESTS OF EASTERN CANADA BY THE SPRUCE BUDWORM—DEBATE CONCLUDED

The Senate resumed from Thursday, July 10, the debate on the inquiry of Senator Burchill calling the attention of the Senate to acceleration in the devastation of the forests of Eastern Canada and adjoining areas by the ravages of the spruce budworm.

[Translation]

Hon. Jean-Paul Deschatelets: Honourable senators, I simply wish to say a few words about the statement of Senator Burchill with respect to the ravages of the spruce budworm. Several other honourable senators from the Maritime provinces also mentioned the damages in their provinces. I would add that several forest areas in the province of Quebec, including the Laurentians, have been hit by that disaster.

Last October, I read in the papers an article dating back to July 17, 1974, according to which Dr. Samuel Singer had discovered a bacteria which could kill billions of young mosquitoes without any apparent side effect on the environment; that bacteria might help prevent huge devastation. Dr. Singer added that he spotted that bacteria in 1972 and later increased its destructive abilities through selective breeding. He hopes to start production for commercial purposes within five years. Tests are now under way in Nigeria and will be carried on this year.

I later was in contact with the Minister of Agriculture, and in a letter dated October 7, 1974, he wrote to me, and I quote:

For agricultural purposes, we use a bacteria similar to the one mentioned in the article concerned, called

Bacillus thuringiensis. It is the only bacterial agent produced in industrial quantities to be used legally in Canada. We used it in our Harrow, Ontario, research centre, for experiments on tobacco and cabbage bugs, and also in our Saint-Jean, Quebec, research centre, against the corn ear worm. This bacterial agent has remarkable insecticide properties without undesirable side effects on the environment.

The Department of the Environment experimented with the *Bacillus thuringiensis* on the spruce budworm. Thus, in 1973, 10,000 acres of forest were treated in the Temiscouata area; 1,000 acres of forest were also treated in the Macaza area in 1974. The results of those experiments were extremely encouraging.

I say that, honourable senators, to stress the fact that the fight against the spruce budworm has now become scientific in nature. I am even told that the experts of the Department of Agriculture are using radar to study the movement and the natural habitat of the spruce budworm in order to locate them and destroy them more efficiently.

I wanted to say that in support of the request made by several honourable senators that this whole question be looked into by our Committee on Agriculture on our return in the fall. I wonder if it might not be useful for the Chairman of our Standing Committee on Agriculture to get in touch with the experts of that department and ask them to get ready to brief us, when we come back, on the damage caused by the spruce budworm in Canada, the areas that are most severely affected, and the program the department intends to implement next year.

In closing, I would like to say this: the spruce budworm is no longer harmful at this point in time; it has turned into a butterfly. However, in many places, especially in the Laurentians, some people take advantage of the credulous public to sprinkle properties for \$50 and \$100 when the budworm is no longer damaging trees. I have noted that last year the CBC aired several announcements to alert the public about that. I have not seen any this year. I hope that the CBC will again warn the public that the budworm is no longer harmful for the remainder of the year. I therefore support the request which has been made. I think that the Senate could play a very important role for the benefit of the public and our forest resources.

● (1510)

[English]

Hon. Raymond J. Perrault: Honourable senators, on July 9, during the debate on Senator Burchill's inquiry calling the attention of the Senate to the acceleration in the devastation of the forests of Eastern Canada and adjoining areas by the ravages of the spruce budworm, I undertook to obtain answers to several questions raised by honourable members.

The Forestry Directorate of the Department of the Environment has given me background information on many of the items discussed. Because that information takes the form of a rather detailed and technical paper, I will ask leave to have it printed as an appendix to today's *Hansard*. Despite its technical aspects I am sure that those concerned with this problem will find the paper of real interest. Before submitting the paper as an appendix, I should

like to make a few remarks on the subject in summary form.

First of all, the spruce budworm is a native of the northern evergreen forests of North America. When fir-spruce forests mature over large areas and the spring weather is warm and dry, budworm populations can explode to epidemic proportions within a few short years. Such an epidemic, if left uncontrolled, will result in extensive tree mortality after three or four years. We are now in the midst of such an outbreak, and I have just been informed by the forestry directorate that the epidemic presently covers 112 million acres of fir-spruce forest in Ontario, Quebec, the Maritimes, and Newfoundland. Thus, there is every reason for concern on the part of honourable senators, and I find it heartening that they have proceeded as eloquently as they have to bring the problem to the attention of the Senate, and, through the Senate, to the people of Canada.

Incidentally, references in the discussion to "the life of the spruce budworm," and "the sex life of the spruce budworm," might seem humorous or facetious to some people, but the subject is anything but humorous. Surveys of tree mortality made available to me show that close to 500 million cords of fir-spruce have been killed by the budworm in this century. That should have been enough wood to sustain the current annual harvest for 30 years in Eastern Canada. I hope such facts are brought to the attention of the people of this country through the media as well as through the speeches that are being made by the senators on this subject, because it is an alarming situation. Of course, some of that wood killed by the budworm would not have been utilized, and even in the more accessible areas some of it could only have been salvaged within two years. But, clearly, the budworm can cause serious setbacks to established industries, which in the case of New Brunswick constitute up to 20 per cent of the economic activity of the province. So, you can see the substantial effect the budworm can have on the economy of our provinces.

At this point I would ask that the technical paper I have referred to, which I think will be of real interest to honourable senators, and, I hope, to the people of Canada, be printed as an appendix to the *Debates of the Senate* of this day. It is entitled: "The Spruce Budworm Problem."

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of paper see appendix B, pp. 1230-1232.)

Senator Perrault: One aspect of the problem not covered by the paper concerns direct federal financial assistance in large-scale aerial control programs. Several million dollars—approximately \$4.5 million—are spent annually by the federal government in research and advisory services to the provinces and industries related to forest pest control. A significant proportion of those funds is directed towards the spruce budworm, which is recognized as the major forest pest problem in Canada.

Many aerial spray programs have been carried out since the passage of the Canada Forestry Act in 1949. A considerable number of those were paid for exclusively by provincial governments, forest industries, municipalities and

landowners or, cooperatively, by various groupings of those agencies. A few control programs on federal lands were financed solely by the federal government. Numerous cost-sharing agreements on aerial control programs were entered into by the federal government with the provinces, at the formal request of the latter.

Let me give you a short summary of the federal government money spent on various problems relating to insect control, particularly the problem of the spruce budworm. In New Brunswick, between 1953 and 1968, the federal government contributed \$7,239,000 to control the spruce budworm. In 1973 the amount in New Brunswick was \$631,000 and in 1974 \$565,000. In the province of Quebec the spruce budworm control program received \$3,487,000 in 1973 and \$2,035,000 in 1974. Also in Quebec the program to control the Jack-pine sawfly, another indigenous pest, received \$94,000 in 1965 and 1967.

I will not go through all the provinces, but just give you one further example. In Newfoundland in 1969 the program to control the hemlock looper, another perverse ally of the spruce budworm, received \$625,000. Those federal funds were invested in a federal control program there. In British Columbia, as far back as 1957, a program to control British Columbia's variation of the species, the black-headed budworm, received \$60,000. The federal contribution was one-third of the total cost of the agreed programs carried out from 1953 to 1968.

Owing to budgetary limitations, federal financial assistance for aerial spraying operations was largely withdrawn from 1969 to 1972, but, as a response to continuing requests from provinces for assistance, the federal government adopted a revised policy and procedure for entering into cost-sharing agreements on forest insect control programs. The federal contribution was based on a formula which included a threshold value for each province, above which federal support was provided at an escalating rate, rising from 25 per cent of the first \$250,000 above the threshold to 50 per cent of costs in excess of \$1,250,000 above the threshold.

Due to budgetary constraints, direct federal assistance in sharing costs of operational control programs was terminated as of April 1, 1975. The provinces were informed of this decision well in advance of 1975 spray operations. However, at the request of the Minister of the Environment and the Minister of Fisheries, the Honourable Jeanne Sauvé, a task force has been established to review the whole question of federal financial assistance to the provinces in emergency situations resulting from destructive agents such as insects, disease and fire. The task force report is now in hand, and I can report that it is now awaiting departmental approval. I hope that out of this can come some constructive action to meet what appears to be an emergency situation.

Senator Choquette: May I just refer to all these figures that we have received? We have heard about grants or donations by the provincial and federal governments, but I should think that the lumber companies, the manufacturers, in all those provinces, would contribute money to some extent, and we have not heard those figures. Is it one-third: one-third, or two-thirds: one-third? Do you have any figures on that?

[Senator Perrault.]

Senator Perrault: I am unable to provide any specific figures on that particular aspect of the control of the problem, but I shall certainly undertake to try to obtain that information. The reference in my remarks to programs involving landowners and various groupings of agencies such as municipalities and forest industries, and so on, very definitely suggests that there has been a cooperative endeavour on the part of the forestry companies themselves, but I do not have any of the specific figures.

The Hon. the Speaker: Honourable senators, as no other senator wishes to participate in this debate, this inquiry is considered as having been debated.

● (1520)

SCIENCE POLICY

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the first report of the Special Committee on Science Policy, presented in the Senate on Thursday, July 10, 1975.

Hon. Maurice Lamontagne moved that the report be adopted.

He said: Honourable senators who want to put my remarks into perspective may refer to the report I presented on July 10, which was printed as an appendix to our *Hansard* of that day, beginning at page 1171.

[Translation]

One of the main recommendations in the committee's report is that our present mandate be terminated. Our mandate was to prepare a conference in which the main decision-makers at different levels of our national life would have participated. During this conference, the participants would have been invited to take position on the feasibility and, if possible, the structure and functions of Canadian institutions of futurology, or of organizations responsible on the one hand for systematically studying the long-term future of our country and, on the other hand, for circulating in a usable form, valid information on the future of our country, so as to improve its decision-making process, both in the public and the private sectors.

[English]

I want to stress at the outset that this report was adopted unanimously at a meeting which was extremely well attended by the members of the committee.

When we started our work no other Canadian institution, not even the government, was really interested in futures research and information, as activities essential to the development of what we call more and more anticipatory democracy. We, therefore, had to start from scratch.

We did not want the proposed conference to be like so many others where participants go without any preliminary preparation to listen passively to a group of guest speakers delivering long lectures. Such meetings, as we all know, are most of the time futile and frustrating. We wanted the participants, who would have been top Canadian decision-makers representing the different segments of our society, to really participate in the design of democratic institutions capable of helping them to invent the future together. This would have been an unprecedented-

ed event in our history. This is why we intended to select these participants several months before the conference, and to send them well in advance a series of four working papers covering the main topics to be discussed.

Such an approach required a good deal of preparatory work, but we believed that it was justified by the complexity and the importance of the objectives to be achieved. In the process, we have established contact with many of the best experts in the world in this field, and we have accumulated the most complete and up-to-date information on futures studies that exists in Canada.

We have also prepared a number of background papers which were eventually compressed into a document entitled "Managing the Future: Conference on Anticipatory Institutions." It was supposed to be the first conference paper to be made available to the participants, and was intended to be a general presentation of the various topics to be discussed.

This document attempts to justify the need for more and better futures research in Canada, and for a national futures information network designed to improve decision-making in the private as well as in the public sectors. It describes in general terms two institutions—a Canadian Centre for Future Studies and a commission on the future called Futures Canada—which could have met these two needs. It presents also the format of the proposed conference which would have considered these needs, and the feasibility of these institutions as means of meeting them.

We felt that this document should be distributed privately to a number of experts in Canada and abroad for comment. Most of these people have reacted favourably to our proposals, and have stated that the organizational model we were proposing would be unique in the world. I hope that some of my colleagues will refer to these comments during this debate.

The government has also reacted positively, although perhaps too rapidly, to the substance of the message contained in our document. It has recognized the imperative need to bring the consideration of possible, probable and preferable long-term futures into the present decision-making process of private and public organizations through better research and information. The Prime Minister's letter to me, which is partly reproduced in our report, clearly recognizes our concern in this area and the need to do something about it.

Mr. Nixon's letter, written when he was still Deputy Secretary to the Cabinet, to Dr. Carrothers, the President of the Institute for Research on Public Policy, makes this government acceptance of our main message even more obvious. This letter, written by Mr. Nixon, which is also reproduced in our report, uses the same terms and the same reference dates for research that we have utilized in our document.

However, these two letters also reveal that the government has decided to assign the new functions and responsibilities described in our document to the Institute for Research on Public Policy on a contractual basis rather than wait and consult, as we were proposing to do, a representative group of Canadian decision-makers on what should be a proper institutional framework to carry out these activities effectively. The Prime Minister, in his

letter to me, which was written in French at the end of February, says in reference to the institute:

[Translation]

It would seem in effect that this organization should initially be given the responsibility of the important tasks which you have so well defined.

[English]

As far as I am concerned, I still prefer the strategy and procedure that we intended to follow as a genuine exercise in participatory democracy and as a better launching pad for inventing the future on a collective basis. But I can understand the Prime Minister's predicament. He had strongly supported the creation of the Institute for Research on Public Policy in 1972, and yet he wrote in his letter to me of February 1975:

● (1530)

[Translation]

This organization has taken longer to start than I had hoped.

[English]

In other words, the Prime Minister saw in this new research and information mission that we had defined in our document an excellent opportunity for inducing the institute to launch a major program which it undoubtedly needs to function properly.

The committee had also envisaged that possibility in its document. But, we expressed the view:

—that this institute should concentrate its activities on research and development leading to social innovations and to the improvement of social policies in such fields as health care, education, social security, pollution, urban living, leisure, crime prevention and criminal rehabilitation.

We concluded:

However, we do not feel that it should act as the central institution in the proposed network (of future studies) and the main agency responsible for macroscopic research. The institute has not really started to operate yet and if it were to assume this major responsibility there is a good chance it could not simultaneously develop and serve its main mission.

This is very likely what will happen as a result of the government's recent decision unless the institute accepts to become a gigantic organization, which would be clearly undesirable. In any case, this government decision makes the continuation of the committee's present activities useless. Indeed, it would be ridiculous to continue to prepare and to hold a conference for the purpose of determining the feasibility of a commission on the future when the activities and responsibilities of the proposed commission have already been assigned to the Institute for Research on Public Policy.

We should not feel, however, that the committee's work up to now has been useless. On the contrary, as I said before, most valuable information has been accumulated and we propose to make it available to the institute so that it will not have to start from scratch as we had to do.

Moreover, we intend to publish this basic document. Thus, it will be available to the growing number of Canadians interested in this field. It will show to the

public that this new and most important venture was initiated by the Senate. It will serve for future reference to appraise the activities of the institute as it continues our work.

Finally—and this is perhaps the most positive result of our work—we have succeeded in making futures research and information a new and high priority of the Canadian government. *Gouverner c'est prévoir*. But prior to the beginning of our operation, long-term forecasting was nonexistent in government with the result that decisions were always taken on the basis of short-term considerations which can often be disastrous.

The committee feels, however, that it should not, at this stage, completely abandon its interest in this field.

The Institute for Research on Public Policy has now accepted a new and highly complex mission which is too important to be allowed to fail. The institute has been generously funded, but after three years of existence it has not yet completed any project, and it has not established its credibility in our country. It may well be that its new assignment will be its salvation, but to succeed in this endeavour it will need all the help it can get.

This is why the committee feels that it should be authorized to monitor the activities of the institute and of government departments and agencies in the area of futures research and information. We should make as sure as we can, through advice and criticism if necessary, that truly co-ordinated national networks in this area will be effectively built. The initial investment we have made and the expertise we have acquired in this area surely entitle us to play this important watchdog role.

I hardly need to explain further the other aspects of the new mandate that we are seeking. Throughout our inquiry, a great number of individuals and groups have proposed that the committee should become permanent so as to provide a continuing public forum where major issues of science policy could be raised and discussed. This is not what we are recommending in this report, although there is no such forum in Canada, even in the other place. Most other advanced countries, including the United States, the United Kingdom, France, Sweden and Holland have parliamentary standing committees or select committees designed to accomplish this function on a continuing basis.

However, since the volumes containing our 73 specific recommendations and other suggestions have been published, we have said repeatedly to government departments and agencies, as well as to numerous private groups, that Senate committees do not necessarily work like royal commissions and wind up their activities once their reports are published. This opportunity for follow-up activities is precisely one of the great advantages we have over these royal commissions or outside task forces and consultants.

We published our last volume on science policy in the fall of 1973. It was a call for important changes in the formulation of policies and in the government organization related to science, technology and innovation. A great number of our recommendations have been accepted by the government, but we have no way of knowing exactly

how effectively they have been implemented except by calling back before us those who have that responsibility.

We presented an overall plan of action, and there is good reason to believe that the response to several important aspects of this plan has been minimal compliance with our demand for change. This is the normal response to be expected from most bureaucratic systems. As Donald Schon has shown, this minimal compliance:

—is particularly effective where those pressing for change cannot distinguish significant from token compliance, or can muster their forces only for an initial assault. In this respect, established social systems have the advantage; they are able to exert continuing energy in the service of their stable state, whereas those attacking can seldom sustain their attack.

In the Senate, through our committees, we can not only muster our forces for an initial assault but we can also, if we want to, sustain our attack to fight resistance against desirable change.

● (1540)

Our report on science policy has had a significant impact in other countries, and our overall plan of action, which we compressed in our last volume, has been implemented in its totality, insofar as it was relevant to national conditions, of course, by the Dutch government. In Canada we do not feel that government response has yet been adequate. That is why we would like to go back and see what happened to our recommendations.

When the government decided to accept our recommendation to set up the Ministry of State for Science and Technology, it stated in the preamble to the ministry's terms of reference that:

Science and technology vitally affect the well-being of Canadians, and the future of Canadian society as a whole—

And that:

—the need for policies directed towards the most effective use of science and technology, in the achievement of Canadian national goals, has become increasingly urgent.

I fully subscribe to these statements, but feel that the government has failed to achieve its own objectives. Government support for science, technology and innovation continues to be inadequate, uncoordinated and wasteful. That is why our committee should be authorized, through the adoption of this report, to go back to its former mandate, not to start a new inquiry but to uncover the areas where our demand for change and improvement has been met with minimum compliance, or simply with autocratic and bureaucratic rejection. Let us show that we can also be a chamber of sober continuing thought.

Hon. Allister Grosart: Honourable senators, in rising for the third time this afternoon, perhaps I should say "three times and out". I would have liked to adjourn the debate, and later make some comments that I was asked, when in committee, to make in respect of the report. However, it is the desire of the committee—and, I hope, the wish of the Senate—to conclude this debate today, if possible, so that the recommendations in the report can be implemented in due course.

It is, of course, with mixed feelings that I support the recommendation of the committee, of which I am a member. It was a difficult decision to opt out, possibly temporarily—I will explain that in a moment—of this project of the Senate of Canada, which certainly would have made the Senate a leader in activism in Canada, in what has become one of the most important aspects of political and other decision-making in the world. It would also have made Canada a world leader in the establishment of a national commission on the future, and, of course, it is our hope that these very high targets that we set for ourselves will be accomplished in this new arrangement.

As Senator Lamontagne pointed out, we had very little choice in this matter, although some members of the committee felt that we should perhaps carry on with our own mandate. Out of respect for the intervention at the very highest level—the Prime Minister's level—we felt that without the full support of the Prime Minister and the Cabinet our mandate would not be completed as well as it would if we had that support.

We did specifically ask the question of those representing the institute, which will now take this over, if they felt our carrying on would duplicate the work of that body and, if so, whether or not it would be in the public interest. The answer given to us quite clearly was that we would be duplicating that work, and that it would not be in the public interest.

We accepted that assessment of the situation. This house can take great satisfaction from the fact that it was the Senate which suddenly—the word “suddenly” is the correct word—created an awareness in Canada of the importance of the science of futures, futurism, or whatever it may be called, in political decision-making. We are, of course, very happy that our opinion of the importance of this subject has now been fully recognized at the highest levels. We feel that we have brought this subject out from the shadows of academic and theoretical thinking into the full sunshine of Cabinet activity, and that our mandate has now been transferred to a government-appointed body. It is true that it is not a crown corporation, but it is a government-appointed body, and, what is perhaps more important, it has funds far greater than the Senate committee could ever expect to have.

We regret, of course, that the Senate will not receive the credit for carrying this on to a conclusion, although it is possible in the future that we may have to come back to it, for the simple reason—and this will interest honourable senators—that the Institute for Research and Public Policy has not yet accepted the mandate from the Prime Minister's Office. Indeed, they have told us they could not say yes or no until they had spent \$60,000 on a feasibility study. I am not questioning the validity of that statement. They will, in due course, give an answer, and I for one am reasonably sure—as I believe are all members of the committee—that the answer will be “yes.”

As members of the committee, we must have some personal regrets, because many of us spent a great deal of time acquainting ourselves with this subject, and preparing ourselves to pull our weight in committee. Many Canadian institutions and prominent persons will regret that the Senate is not carrying on, as is evident from the

many expressions of support and willingness to participate that we have had. It is very significant that for the first time in the history of the Senate, a body as important as the Economic Council of Canada sought to make this a joint venture with them. The council will, I am sure, be disappointed that it is not going ahead on that basis, but it will, of course, make its input into the new arrangement.

We have agreed to turn over our files, particularly that important document, which is the summary of our approach, called: “Managing the Future—A Conference on Anticipatory Institutions.” That and other documentation will be turned over to the institute. I have no hesitation in saying that this constitutes by far the most important material that has been assembled in Canada on this subject, and it will obviously be of great use to the institute. As a matter of fact, I even suggested to the director of the institute, when we sat down to discuss this, that they might be prepared to pay for it. Perhaps the chairman will pursue that further. It would be nice for once to see the Senate get back some of the money it has spent on contributing, as it so often does, to the public interest in many matters.

Senator Choquette: Have you any idea of how much this committee has spent?

Senator Grosart: I am sorry, I do not have that information.

Senator Choquette: I would like to know if it is true, for instance, that this committee has cost more than any other committee since the Senate has been in existence. That is my first question. You must have some approximate figures there.

Senator Grosart: I do not have the figures before me. I can only say there is no question in the minds of members of the committee, as expressed at the meeting, that the money has been well spent. This is not the opinion of just one or two members, and certainly not of one person. The matter was discussed in detail at a full meeting—the fullest meeting I have seen of any committee. The operation of the committee at that time was fully approved, and there was enthusiastic support for carrying on, in the limited way, what the chairman has proposed.

● (1550)

In such matters it is difficult to bring about a cost-benefit analysis, but I, for one, as a member of the committee, have no doubt that the money has been well spent. That, I can assure the honourable senator, is an opinion that is supported by people and institutions of the greatest importance in Canada, and I will give him the names of some and their comments in a moment.

Senator Choquette: That will still not answer my question. We can go on indefinitely in that vein.

Senator Grosart: Well, if the honourable senator wishes to make a speech I will take my seat.

Senator Choquette: I have asked a question.

Senator Grosart: The honourable senator has asked a question and I have given my answer, which is that I do not have the complete figures of the operation of the committee over the period of some five or six years. I am sure those figures are available, if the honourable senator

wishes to have them, and I would be more than pleased to hear his comments on them item by item.

Another matter of regret, of course—for me personally, and I think for most members of the committee—is that Senator Lamontagne, apparently, will not be able to carry on and get the final credit for what would have been a great achievement, and which will, I think, still be a great achievement. It was Senator Lamontagne's concept from the start. It was Senator Lamontagne who organized the work so well carried out by Mr. Philip Pocock and his staff. It was Senator Lamontagne who was the first—generously, but I am sure with some regrets—to agree to turn this matter over to this larger condominium of public policy. I can say from personal knowledge that today the name of Senator Lamontagne in this whole area of science and technology, and the study of the futures, is a household word around the world.

Hon. Senators: Hear, hear!

Senator Grosart: If there were no other benefit to the Senate from the amount of money that has been spent, I would say it is sufficient that this Senate is regarded in some of the most important circles of intelligent thinking around the world as having taken a position greater than that of any other Parliament on this particular matter. If honourable senators feel that is an exaggeration, I invite them to listen to the words of Alexander King, the Director for Scientific Affairs of the OECD. He made the statement that no Parliament anywhere had made the kind of contribution to national science policy that this committee has made.

Hon. Senators: Hear, hear!

Senator Grosart: I apologize for that deviation, but I thought it necessary in the event that anyone wishes to question the worth of the committee chaired by Senator Lamontagne. I myself have disagreed with him on many occasions, but on the overall question of his contribution to Canada, to the Senate, and to the world in this field, I will not take the back of the stage for anybody.

Some honourable senators may be concerned and mystified about this business of futurology, or whatever it may be called. It has all sorts of names, and perhaps one of its greatest problems is that we have not come up with a good name.

Senator Perrault: Brand X.

Senator Grosart: "Futurology" sounds a little bit like astrology. "Futuristics" is an attempt to make it sound scientific. Some have even called it "futuribles," stressing the many alternatives which are essential in this area. It has even been called stoxology, the science of conjecture; mellology, the science of the future, and alleotics, the science of change.

Senator Choquette: Has anybody tried to call it "futility"?

Senator Grosart: Yes, as a matter of fact. I spoke of alternatives, and this is very definitely one of the approaches we are taking—that is, to look at the alternatives. One of the alternatives, of course, is futility, but the one on the side of which the world has come down is utility.

Senator Perrault: The future of your party.

[Senator Grosart.]

Senator Grosart: The description that is most commonly used now is the science of futures. It is in the plural to stress the fact that we must think in terms of many futures. The old idea of sitting down in a group and saying, "This is what we must do" or, "This is where we will wind up," has gone. Today, futures looks at the present—that is, here—and assesses it, the future—where will we go? Where should we go?

The best analogy I have is automobile headlights. It is a question of lighting up the road ahead. The better the lights, the more certain will be your progress along that road. A good example in the same general metaphor can be taken from the experience of the American automobile companies, a classic example of bad planning because of a poor disciplinary position in respect of futures forecasting. We all recall that the automobile companies were given the message some years ago when the small European cars were being imported in substantial quantities into the United States. The automobile companies just did not get the message. The message, of course, was that gasoline prices were going to rise; that people were going to be concerned with the cost of getting from here to there. As somebody has said, had they spent a little more time on a futures scenario than on tail fins, they would not have run into the problem that they did.

That is a perfect case of the proper use of the science of the futures. Had there been a full expert examination of futures five years ago, the OPEC situation would have been anticipated. That would have been a perfect futures exercise. It did not happen, but it is inconceivable that the right kind of exercise in this field would have missed that possibility, because it was always there.

I will not go into any further discussion except to make one distinction that I think is important, and that is the distinction between the predictive approach in futures and the normative. The predictive approach is merely the extrapolating from what we know now what is going to happen. This, with due respect to Senator Lamontagne, who is a member of the Club of Rome, can wind up with the doomsters' approach. In other words, if we keep on going the way we are, we are all going to a collective hell.

The normative approach looks ahead and asks: What should be the future? What possible futures are there that would be publicly acceptable, that are desirable? This, again, is the here-to-there approach.

In other words, what we are doing in this discipline is asking: Where are we? Where are we going? It is as simple as that, but as sophisticated as the science has become.

Senator Choquette: What is the answer? Where are we going and at what cost?

Senator Greene: We are not going home.

Senator Grosart: I do not know the answer. If I or anyone else knew where we are going, we would not need futurology; we would not need this Senate; we would not need governments. We could just say, "This is where we are going. It is inevitable. We cannot do anything about it, so let's just give up."

I would like to indicate that this is not an astrology type of discipline. To give one example, Senator Culver—who is known to many members of this house, and one of the key figures in the Canada-U.S. exchanges—when he was a

member of the House of Representatives, introduced a motion which required that all committees of the House of Representatives develop a futures research and forecasting capability, and that is now in the rules of the House of Representatives. There is a futures branch in the Congressional Library. The Aviation Forecast Board of the Federal Aviation Administration has actually set up a study called "Alternative Aviation Worlds for 2000."

● (1600)

As I said, there is no national commission on futures anywhere in the world. Ours, we hope, will be the first. There are, however, state commissions in the United States. Hawaii was the first; it has had a commission operating successfully for some years. There is one called the "Washington Alternatives"; another called "Minnesota Futures"; there is "Goals for Dallas"; and another one called, "California Tomorrow."

It is a practical science, and I am sure none of us on the committee regrets the opportunity we have had to learn something about it, and apply it to our own duties here in the Senate and elsewhere.

I think I speak for the committee when I say that for all these reasons, in agreeing to transfer our mandate to this other body, we wish it the very best of success. We will follow the program with great interest.

Perhaps I might conclude with a small caveat. One of the concerns I have about the success of the institute in this field is that it may not fully get the message of the importance of public participation in any discussion of the future. Senator Lamontagne used the phrase "participatory democracy." In the short time we were able to look at this problem we discovered that not one single thing is more important than to make sure that there is public participation on a wide scale. Future alternatives imposed from the top are useless. They must come up from a broad consensus of the public. The institute may have a tendency to be elitist, but I hope not. I can only pass on to them through this medium this statement of Johan Galtung, one of the outstanding men in this field, who said:

It is hard to imagine a field where elitism is more dangerous than in futures research.

With the regrets I have expressed, honourable senators, and hopes for the future, I support the report and commend it to the Senate for approval at this time.

Hon. Chesley W. Carter: Honourable senators, I rise to make a few brief remarks on the future mandate rather than the mandate of the futures which, if the committee's report is accepted, will become the mandate of the past.

As Senator Lamontagne has pointed out, this recommendation has come about because the mandate has actually been transferred to another body. As we take on a new mandate, I think it is useful for us to remind ourselves at this time of the background against which this new mandate is being sought. The outline of this mandate can be found in the earlier reports of the Senate Special Committee on Science Policy, published in 1970 to 1973. In the first place, I should like to draw attention to chapter 10 of volume 1, published in 1970. That chapter is headed: "The Need for an Overall Science Policy," and on page 283 the chapter is summarized as follows:

CONCLUSION

To attain the economic objectives of the first generation science policy, we put the emphasis on science and government laboratories, in the hope that they would foster new industrial technology. This strategy failed. When it came to social objectives, we made another strategic mistake. We believed that we could succeed merely by devoting huge sums of money to them.

Every year we are building more schools, more universities; we are providing easier access to education. And yet we have more student unrest and more parental concern that our children are not getting an adequate preparation for real life.

We are spending large sums to improve housing conditions, but our cities are becoming more and more crowded and inhuman. We are spending over three billion dollars every year on social security—

It is up to \$5 billion or more now.

—but the poor are becoming relatively poorer and more and more restless as they live, through television or otherwise, closer to affluence. We are building more hospitals and providing for free hospitalization and better medical care, but a greater number of people die of incurable diseases, and the mysterious diseases of the mind are spreading.

Our obvious failure to cope with our collective problems forces us to recognize that we do not even understand the true nature and the real dimensions of most of these difficulties. In other words, we are just beginning to realize that we have seriously neglected to support research and development activities in these crucial sectors. No wonder they still remain so puzzling and so frustrating to us.

Honourable senators, when the Institute for Research on Public Policy was created it was my hope that they would give priority to these problems, which we outlined in our first report and to which I have just referred. Unfortunately, that is not now going to be the case, because that body will be occupied with other matters—in fact, with the mandate that was given to us—so this big void still remains to trouble us. I think one of the duties of the committee will be to point out to the government that here is this tremendous problem being neglected, and try to find out what plans they have or what they intend to do about it.

The first report of the committee, published in 1970, also pointed out that Canada is still employing an industrial strategy that is 100 years old, and designed for another age and for other conditions. This strategy still rests mainly on the twin pillars of exploitation and export of natural resources, together with a fragmented branch plant secondary industry existing behind a wall of high tariff protection. It is within this type of industrial strategy that Canada's science policy, such as it is, has been developed, and the committee found it had many deficiencies. For example, our national R & D effort was a fragmented policy divided mainly between government, industry and the universities, each sector going its own sweet way oblivious of the existence of the others. Senator Lamont-

tagne referred to them as the three solitudes. In addition, some R & D was also being carried out by the provinces.

There was no co-ordination, no integration, no consultation whatsoever between the various sectors, not even between the various government departments that make up the public sector. The emphasis was mainly on pure and fundamental research, particularly in the universities, with self-perpetuating programs of ever-widening scope and generalization, and no provision for termination after goals had been achieved, or even after it was clear that the program was doomed to failure—in fact, no criteria whereby a program would be judged, as to whether goals had been accomplished or could not be achieved.

The committee found there was no inventory of R & D programs and no science budget, and therefore no means of determining the overall annual expenditures. There was no way of determining what programs were redundant or how much overlapping existed. There was no adequate fund of science and technical information in Canada about what goes on either at home or abroad. In my opinion, that situation still exists.

● (1610)

Furthermore, the committee found that too much research and development was being done in government laboratories and too little in industry. In this respect, Canada stood in marked contrast with other advanced countries where most research and development is performed by industry—70 per cent in the United States, Sweden and the United Kingdom, compared to 35 per cent in Canada. Moreover, Canada relied more heavily on the academic sector for the performance of scientific research. The figure is 25 per cent for Canada, compared to 12 per cent for the United States and 7 per cent for the United Kingdom.

The best estimate of the total expenditures at that time—that is, in 1973—was about \$1.25 billion in Canada. These funds were divided in the ratio of 61 per cent for scientific research and 39 per cent for technical development, whereas in the United States, the United Kingdom, Switzerland and Sweden the proportions were reversed. Furthermore, in Canada very rarely did science research lead to technical development and innovation resulting in new products, thus contributing to the economy and the gross national product, whereas other countries derived as much as 65 per cent of their GNP from technological development and innovation.

In Volumes 2 and 3 of their report, the committee made certain recommendations to remedy this state of affairs, and outlined the kind of organization they believed essential to make the remedy effective. Now, as I conceive it, our new mandate will enable us to go back and check these points again, and see how far the picture has changed. For that reason I have much pleasure in supporting the adoption of this report.

Senator Lamontagne: Honourable senators, if no one else wishes to participate in this debate, I would like to thank those who have participated already, and more particularly Senator Grosart for all the compliments he paid me—some of them undeserved, I am sure. I am very grateful for what he had to say about my role as a member and chairman of the committee.

Without any other consideration or addition to what I have already said, I move that this report be adopted.

Senator Macdonald: Honourable senators, I have been informed that Senator Flynn would like this debate adjourned on his behalf. Therefore, on behalf of Senator Flynn, I move the adjournment of the debate.

On motion of Senator Macdonald, for Senator Flynn, debate adjourned.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, July 21, at 8 o'clock in the evening.

Before the question is put, I wish to apologize for having been unable to obtain the necessary information to make the usual statement of business in store for next week, due to the uncertainty which prevailed until a few moments ago as to what was in store for us this week and, more so, next week. However, I can briefly say that next week we will endeavour to dispose of the items remaining on the Orders of the Day, and deal with the two bills which are expected from the other place.

In deciding to adjourn today until Monday evening, we have taken into consideration the views expressed earlier by both leaders in this house before the doors were opened. We have been unable to accept the suggestion of the Leader of the Opposition to adjourn until Tuesday evening with the possibility of recalling the Senate earlier—that is, on Monday—if necessary, by sending telegrams to senators on Saturday evening. Having regard to the present heat wave, it is expected that honourable senators will enjoy a long weekend, and it might be quite difficult, if not impossible, to reach them by telegram as late as Saturday evening. Even if it were possible to reach them at that time, some of those living at the extremities of our large country would be unable to find accommodation for travel to Ottawa in time for Monday evening.

There is also this other consideration, that today we have referred one bill to a committee, the Standing Senate Committee on Banking, Trade and Commerce. It is quite possible that the two bills which are expected from the other place early next week will have to be referred to that same committee, so it will have quite a lot of work on its hands next week. Consequently, we have thought it desirable to provide ample time for that committee to sit, if necessary, on Monday and Tuesday.

I was informed only a few moments ago that it is quite possible the other place will not take more than two days next week to dispose of the legislation which is scheduled to come to us before we adjourn for the summer recess. This means that we should get those measures by Tuesday evening or, at the latest, Wednesday. Therefore, I think we need Monday and Tuesday for committee meetings to deal with legislation presently on the Order Paper and that which may come from the other place.

With this in mind, and having duly considered the views expressed by both leaders earlier today, we have come to the conclusion that it would be advisable not to sit tomorrow, but to adjourn until Monday evening instead of Tuesday evening. I commend this motion to the house.

Motion agreed to.

The Senate adjourned until Monday, July 21, at 8 p.m.

APPENDIX "A"

(See p. 1212)

CROP INSURANCE PROGRAMS—REPORT OF STANDING COMMITTEE ON AGRICULTURE

Thursday, July 17, 1975.

On March 20, 1975, the Standing Senate Committee on Agriculture in accordance with its terms of reference undertook an examination of crop insurance programs in Canada. The committee now seeks to inform the Senate of its progress and to make some recommendations for changes in certain aspects of the crop insurance programs in Canada.

After many years of consideration and numerous studies the *Crop Insurance Act* was passed by Parliament in 1959 to provide assistance to the provinces in making all risk crop insurance available to the farmers of Canada. The Act has been amended four times since that date, in 1964, 1966, 1971 and 1973, to improve the quality of the crop insurance offered and to permit its extension to greater numbers of farmers. Crop insurance is now available in every province in Canada and to most of the farmers of Canada. This progress, this federal-provincial co-operation, in providing an essential program to the farmers of Canada should be applauded.

The purpose of crop insurance is to provide protection to the farmer against crop losses caused by natural hazards beyond his control. It provides the insured farmer a guarantee of a specified number of production units (bushels, pounds, etc.) of a specified grade for the insured crop. If production falls below the level of the guarantee and if the cause of the shortfall is a specified peril then the farmer is paid an indemnity on the loss of production. The guarantee can not exceed eighty percent of the average yield and it is designed to return to the farmer the costs of production for the crop lost.

The federal and provincial governments provide assistance to the farmers in covering the cost of crop insurance. The *Crop Insurance Act* contains two federal-provincial funding formulae. The first provides for the equal sharing by the two levels of government of the costs of administering the plan and for the participation of the two governments and the farmer in paying the premium costs on the basis of twenty-five percent by the federal government, twenty-five percent by the provincial government, and fifty percent by the farmer. The second formula provides that the federal government and the farmer will share the premium costs and that the province will pay the costs of administration. The farmers of Canada are thus able to participate in a crop insurance program at a reasonable cost and since 1973, when the formulae were altered to reduce that cost to the fifty percent level the number of farmers participating has increased considerably.

Crop insurance is a valuable program and more and more farmers each year have been permitted to participate and have chosen to participate. For example, in 1971, when crop insurance was available in all the provinces except Newfoundland and New Brunswick, 46,326 farmers participated and a liability of 130.9 million dollars of coverage was carried. In 1974, with crop insurance available in all provinces, 84,781 farmers participated and a liability of

657.2 million dollars was carried. Expectations are that in the current year over 100,000 farmers will participate and that total coverage will exceed 955 million dollars.

Crop insurance has grown, it has been accepted, but how well does a program designed and developed fifteen years ago primarily for the Prairies meet the needs of farmers all across Canada today? It was this question that motivated your committee to undertake a review of the crop insurance programs in Canada. This examination is not complete, there are several important problems to which the committee wishes to give further consideration. These include the existing loan assistance and reinsurance provisions, the suitability of the present crop insurance legislation in relation to the smaller provinces, the possibility of extending crop insurance legislation to include livestock insurance, and the relationship between crop insurance and income insurance.

There are some problems with crop insurance that the committee believes should be brought to the attention of the Senate, the federal and provincial governments and the public and about which the committee desires to make some recommendations. These include the variation between provincial programs in the rates of interest charged on the late payment of premiums, the existing spot loss coverage, and the lack of uniformity across provincial borders of insurance programs for crops produced under similar conditions.

Your committee is concerned about the penalties levied upon the failure to pay crop insurance premiums on time. It believes that a penalty should be assessed for late payment and that a discount should be given for prompt payment and it recognizes that the crop insurance agencies should not be considered as credit granting institutions. However, your committee has concluded that the variation in the interest rates charged across Canada is too great and that some rates are clearly out of line. For example, in the Provinces of Manitoba and Prince Edward Island the delinquent insured is charged at a simple interest rate of six percent on the unpaid balance while in the Province of Saskatchewan the insured can be charged, if he fails to pay before December 1st, a penalty of fifteen percent of the unpaid balance, that is an effective rate of 4.3 percent per month for the period August 15th to December 1st. Such a monthly rate is clearly unjustifiable, as is that charged in the Province of Alberta which is an effective rate of 2.9 percent.

Your committee therefore recommends:

That the provincial crop insurance agencies give serious consideration to charging on the unpaid balance of the insured's crop insurance premium an interest rate of no higher than twelve percent per annum simple interest.

When they appeared before the committee the crop insurance agencies of Alberta, Prince Edward Island and New Brunswick recommended that spot loss coverage be widened to meet the needs of the farmers in their prov-

inces. The spot loss option covers damage by a specific peril to a portion of the insured's crop regardless of whether production of that crop exceeds the guarantee or not. Without this type of coverage farmers can experience severe losses and not receive compensation. At present it is applicable to two associated perils, hail and fire, and it is fully available in Saskatchewan, Manitoba and Alberta, and available in a limited form in Ontario and British Columbia. In Saskatchewan spot loss coverage for hail is included in the all risk contract, while in Manitoba and Alberta it is an option for which the farmer pays an additional premium. In the latter two provinces farmers in considerable numbers have accepted the innovation; for example, in Manitoba fifty percent of contracts carried the spot loss option in 1974 and it is expected that over sixty percent will do so in 1975.

The agencies from Alberta, Prince Edward Island and New Brunswick believe that the farmers in their provinces would be willing to purchase, indeed are desirous of purchasing, spot loss coverage for other perils. The Alberta Hail and Crop Insurance Corporation recommended that damage due to excessively early frost, to the flooding of creeks, rivers and lakes where the area affected exceeds ten acres, to insects for which no control technology is commercially available at the time of the outbreak, and to wild life damage, be included in the approved list. The New Brunswick Crop Insurance Commission recommended that damage to the potato crop due to washouts and to flooding be included.

Other witnesses appearing before the committee expressed their concern that the crop insurance program should not be imperilled by the hasty extension of the spot loss options. After considering these suggestions for the extension of spot loss coverage on the one hand and the statements of caution on the other, your committee therefore recommends:

That the federal and provincial departments of agriculture and the crop insurance agencies undertake joint research projects on specific perils to decide how they might best be included under spot loss coverage.

Another problem area that the committee is concerned about is the variation between the programs within the regions of Canada. To date the committee has given particular attention to this problem in relation to the Prairie region but it recognizes that variations do exist in the Maritimes and it will be giving further attention to these Maritime problems as previously mentioned.

In the Prairie region the provincial programs differ in at least three important aspects: the calculation of individual coverage adjustments, the magnitude of premium discounts, and the setting of dollar options.

In Saskatchewan, Manitoba and Alberta the individual's basic coverage is calculated on an area average and then adjusted to take into account the insured's experience with crop production. To make these adjustments in coverage the crop insurance agencies have developed formulae that use the accumulated loss to premium ratio and the number of no loss years. However, the formula of each province is different and the variations that result are significant. The maximum reduction in basic coverage due to bad experience ranges from sixty per cent in Alberta to thirty per

cent in Saskatchewan to fifteen per cent in Manitoba and the maximum increase in coverage for good experience ranges from fifteen per cent in Saskatchewan to twenty-seven per cent in Manitoba to thirty per cent in Alberta.

The differences in premium discounts are not of the same magnitude but they are still significant. In Alberta where the insured receives a discount for good experience, for prompt payment and for a large insured acreage, the maximum discount on the premium is forty-five per cent. This can be obtained after seven no-loss years on an insured acreage of over nine hundred acres. In Saskatchewan after eleven no-loss years and upon prompt payment, the maximum premium discount is fifty-five per cent. In Manitoba the maximum premium discount is the gross premium less five per cent on units of three hundred acres or more, less forty per cent of the balance after nine no-loss years, or a total discount of forty-three per cent of the gross premium.

The final area of variation between these programs that we shall consider here is perhaps the most important—the variation in dollar value options. Crop insurance is a production guarantee and it is based on losses in bushels or pounds, not in value. However, because indemnities cannot be paid in kind and because premiums must be calculated on value and, further, because the agencies like to encourage maximum producer participation by having flexible programs, each year values are set for each crop for the purposes of calculating premiums and indemnities and to allow producers a choice of coverage. In recent years the dollar values or unit prices in the Prairie region have begun to differ considerably and this has resulted in an imbalance in the choices available to producers, as the following table illustrates.

Unit Prices on Selected Crops

| Crop | Manitoba | | Saskatchewan | | Alberta | |
|--------------|----------|--------|--------------|--------|---------|--------|
| | 1974 | 1975 | 1974 | 1975 | 1974 | 1975 |
| Spring Wheat | \$1.50 | \$1.85 | \$1.50 | \$1.50 | \$1.50 | \$1.50 |
| | \$2.25 | \$2.75 | \$2.25 | \$2.25 | \$2.50 | \$2.50 |
| | | | | | | \$3.50 |
| Oats | \$.60 | \$.75 | \$.50 | \$.50 | \$.60 | \$.60 |
| | \$1.00 | \$1.25 | \$1.00 | \$1.00 | \$.90 | \$.90 |
| | | | | | | \$1.20 |
| Barley | \$.85 | \$1.05 | \$.90 | \$.90 | \$.80 | \$.80 |
| | \$1.40 | \$1.75 | \$1.40 | \$1.40 | \$1.40 | \$1.40 |
| | | | | | | \$2.00 |
| Fall Rye | \$.94 | \$1.20 | \$.90 | \$.90 | \$1.00 | \$1.00 |
| | \$1.50 | \$1.85 | \$1.40 | \$1.40 | | \$1.75 |
| | | | | | | \$2.25 |
| Rapeseed | \$2.00 | \$2.50 | \$2.00 | \$2.00 | \$2.00 | \$2.00 |
| | \$3.00 | \$3.75 | \$3.00 | \$3.00 | \$3.00 | \$3.00 |
| | | | | | | \$5.00 |
| Flaxseed | \$2.25 | \$2.25 | \$2.50 | \$2.50 | \$2.00 | \$2.00 |
| | \$3.00 | \$5.00 | \$3.50 | \$3.50 | \$3.00 | \$3.00 |
| | | | | | | \$5.00 |

We have discussed these variations in the crop insurance programs of the Prairie region only briefly. However, it is clear that the farmers of each Prairie province do not have access to a crop insurance program that is in these three important aspects the same as that available in the other two provinces even though the crops, the climate, the farming practices, the costs of production and the markets of the producers in all three provinces are quite similar.

These differences between programs affect farmers differently. For example, the recently instituted higher third dollar option in Alberta provides to new farmers with high fixed costs and to farmers using inputs intensively a protection that is not available to farmers in Saskatchewan or Manitoba. And the fifteen percent maximum on the reduction of coverage for producers with a continuing record of loss years and high loss to premium ratios provides a much higher level of coverage to producers in Manitoba than is available to producers with a similar record in either Saskatchewan or Alberta.

These comparisons are not intended as criticism but as examples of the committee's point that there are wide variations between the programs that the committee believes to be unjustified and unnecessary. Your committee therefore recommends:

That within regions of similar soils, climate, and production practices, it is desirable that the producers of a crop should have access to crop insurance which is essentially the same, especially in the important areas of minimum and maximum coverage levels, premium discounts and dollar value options;

That where there is not a uniformity in the crop insurance offered to producers within the same region that the Director of Crop Insurance for Canada undertake to encourage the crop insurance agencies of

the provinces in that region to harmonize their programs and to provide equality of access to a uniformly high quality of crop insurance; and,
That regional meetings of the boards of directors crop insurance agencies be held from time to time to encourage the development of a uniformity of crop insurance coverage within a region.

Your committee has held and will continue to hold hearings on this topic. When it began its examination the committee invited the federal and provincial ministers of agriculture and the federal and provincial crop insurance agencies to appear before it to present their views on the present crop insurance program and to make any suggestions for improvements in it that they might care to make. In response to this invitation your committee has heard from the Director of Crop Insurance for Canada, Mr. G. M. Gorrell, and from the crop insurance agencies for the Provinces of Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Prince Edward Island. In addition, the Minister of Agriculture of British Columbia, the Honourable David D. Stupick, has forwarded to the committee a brief. The ministers of agriculture and the crop insurance agencies of the Provinces of Newfoundland, Ontario and Quebec declined the committee's invitation to appear. The witnesses who have appeared and the briefs that have been received have provided the committee with much valuable information and with many interesting suggestions for improvements in the crop insurance program. Your committee wishes to thank the witnesses for their cooperation.

Respectfully submitted,

Hazen Argue,
Chairman.

APPENDIX "B"

(See p. 1219)

THE SPRUCE BUDWORM PROBLEM

POSITION STATEMENT PREPARED BY DEPARTMENT OF ENVIRONMENT

1. SCOPE OF PROBLEM

The spruce budworm is a native of the northern ever-green forests of North America. When fir-spruce forest mature over large areas and if spring weather is warm and dry, populations may explode to epidemic proportions within a few short years. Such an epidemic if left uncontrolled will result in extensive tree mortality after 3 to 4 years. We are now in the midst of such an outbreak that covers about 112 million acres of fir-spruce forest in Ontario, Quebec, the Maritimes and Newfoundland.

This explosive increase in budworm abundance is not the first time that a budworm outbreak has swept through the region. Historical records show that outbreaks have occurred at irregular intervals over the past 2 centuries. These outbreaks are natural phenomena. The high budworm population, by killing the mature overstory of trees, contributes to its own collapse and provides ideal conditions for the development of a new stand of fir-spruce which again sets the stage for another outbreak in 40 to 50 years. Man in utilizing the forest pre-empting the role of the insect and interferes with the natural phenomena of growth and replacement. Most budworm-prone forests are valuable to man both for fibre and recreation but, in the budworm, he is faced with a very strong competitor. Surveys of tree mortality show that close to 500 million cords of fir-spruce have been killed by the budworm in this century. This is enough wood to sustain the current annual harvest for 30 years in eastern Canada. Some of this wood killed by the budworm would not have been utilized and, in the more accessible areas some could have been salvaged within two years. But clearly the budworm can cause serious setbacks to established industries that contribute, as in New Brunswick, up to 20% of the economic activity of the province. In eastern Canada approximately 16 million cords of pulpwood alone are harvested annually. This quantity of wood provides direct employment for about 90,000 workers who receive nearly \$960 million in wages and salaries. This means that each cord of pulpwood generates approximately \$60 in wages.

In addition to direct economic losses, most of the massive forest fires in eastern Canada can be attributed to the presence of budworm killed trees over large areas.

2. EFFECTIVENESS AND EFFICIENCY OF CHEMICAL CONTROL

Sustained large-scale forest spraying operations against the spruce budworm in Canada began in 1952 on 52,000 acres in New Brunswick. With almost no interruption multi-million acre spray operations have continued to the present in efforts to keep productive forest alive. More recently, widespread infestations have required control measures of gigantic proportion, 10,000,000 acres in Quebec and 6,000,000 acres in New Brunswick in 1975.

The provinces of Quebec and New Brunswick have been the prime proponents of control measures because of the prominent position of forestry in their economies. Ontario has been less active in this respect because of lesser importance of the susceptible fir-spruce forest to its forest industry. Decisions for control action by provincial authorities are complex and depend upon the relative importance of the infested forest as a source of fibre, aesthetic values and because of the greater risk of fire in budworm killed forests. Surveys of insect and forest conditions conducted in part by the Canadian Forestry Service are used to determine the areas requiring insect control action. The danger of widespread tree mortality is of prime concern in these decisions and control measures are intended to be a holding action to keep the forest alive through the period of infestation; a strategy which has succeeded in the long history of control programs in New Brunswick and shows promise in the relatively recent programs in Quebec.

The early control programs were achieved using small aircraft and DDT. The undesirable effects on fish and birds were responsible for the creation of a research program to develop improved techniques which would be compatible with environmental balance. Cooperation between federal fisheries, wildlife, health and forestry agencies together with provincial governments and industry has produced materials and techniques which do not present an unacceptable hazard to the ecosystem if properly applied. Highly effective short-lived chemicals have been selected from hundreds of toxicological test. Of these, member of the organo-phosphate and carbamate families of chemicals have been most successful.

In recent years, work by Canadian Forestry Service scientists in cooperation with the Province of Quebec has resulted in a number of innovations which have further improved the efficiency of large-scale insect control programs. Larger aircraft such as the DC-6 carrying 2500 gallons and equipped with apparatus designed for fine spray breakup deliver an even distribution of material while electronic guidance systems ensure proper positioning of the aircraft. These improvements result in good insect control with vastly reduced dosages which lessen the risk of harm to the environment. The current research by the Canadian Forestry Service and the Province of New Brunswick on spruce budworm moth migration using radar detection is expected to provide additional control opportunities. The development of techniques to combine minute amounts of chemicals with known pathogens promises to reduce chemical dosages even further.

In spite of an intensive search for alternatives, the application of chemical insecticides will continue to be a necessary strategy for the conservation and preservation

of forested areas whether for purposes of fibre supply, aesthetics, recreation or the protection of watersheds. The consequences of inaction are much too destructive both economically and ecologically to be acceptable.

3. THE SCOPE AND EFFECTIVENESS OF ENVIRONMENTAL MONITORING

Before an insecticide is introduced as a forest management tool it is examined through a series of laboratory, field and operational trials for efficacy against the spruce budworm and also for its potential for creating environmental hazards. Basic data are also required on a wide variety of laboratory mammals, birds, fish and other organisms before the insecticide can be considered for operational use as a spruce budworm control agent. This work is in large measure the responsibility of the chemical manufacturers but the investigations are extended by Canada Forestry Service scientists as required.

It is then necessary to extend the toxicological data to fauna occurring naturally in the forest and to measure the effects of the material and its residues on the forest ecosystem. Scientists within the Department of the Environment are charged with these responsibilities. The data are then scrutinized by experts from various agencies of the Department including the Canadian Wildlife Service, Fisheries Service, Environmental Protection Service, Canadian Forestry Service, as well as experts from the Departments of Agriculture and Health and Welfare. About three years of intensive investigation on environmental hazards are required before a material is cleared for registration and use under the Pest Control Products Act which is administered by Agriculture Canada.

Continual monitoring of operational pesticide applications for possible deleterious effects on non-target forest organisms is carried out by Department of the Environment scientists in cooperation with Provincial agencies. The Canadian Forestry Service, in particular, maintains constant surveillance of materials on operational use with close attention to small forest songbirds, small mammals and fish as well as the presence of chemical residues. Although the monitoring facilities within the department are augmented by the provinces, the sum total of environmental monitoring falls far short of that required in view of the massive forest insect control operations currently underway in Canada.

4. POSSIBLE ALTERNATIVES TO THE WIDESPREAD USE OF CHEMICALS

The possible alternatives to the widespread application of chemical insecticides are the use of biological agents, such as the introduction of parasites or pathogens, the use of naturally occurring chemicals which interfere with normal growth and behaviour, the early detection and suppression of incipient outbreaks, and modified techniques of forest management.

Classical biological control, the introduction of foreign predators and parasites, has been successfully applied to control some introduced insect pests. But the budworm is native to North America and is well adapted to his habitat which includes some 90 species of parasites and numerous predators. Attempts to manipulate these and to introduce new enemies of the budworm have so far been unsuccessful.

ful. However, because of the potential of this technique, the search for new parasites and predators continues.

The spruce budworm is attacked by a number of natural disease organisms and Canadian Forestry Service scientists are exploring means of manipulating these as control agents. The bacterium, *Bacillus thuringiensis* (B.t.) is the most promising of the known budworm diseases. It has given adequate control in some trials, but its success has been erratic. Formulations of B.t. are now commercially available, but only in limited quantities. They are considerably more expensive than conventional insecticides and their use is therefore limited to areas where the additional cost is justified. Naturally occurring viral diseases are also under investigation, but none of the known viruses is as effective as chemical insecticides. Even if more virulent forms are found their operational use would depend upon the development of methods of commercial production. Insect growth regulators are chemicals which at appropriate concentrations disturb the insect's normal physiological processes. They are currently being evaluated under field conditions. A sex attractant, recently identified by Canadian Forestry Service scientists, has potential for disrupting normal mating behaviour and will undergo its first field trial in 1975. Chemosterilants which render the insect sterile are known, but are considered too dangerous to other forms of life to be considered as alternatives. A longer term approach is aimed at predicting when and where outbreaks will occur, so that they can be suppressed in the initial phase.

Control of the spruce budworm by forest management was first suggested some 50 years ago. The principle appears very simple but there are some serious problems in its application. For example, it would require at least one crop rotation, about 60 years, to achieve a noticeable change in the age distribution or species composition. The planned changes would have to be implemented over large areas regardless of ownership and this would be most difficult. Thus, intensive forest management today would not produce an immediate solution. But it is a long-term solution that will become increasingly effective as full utilization of budworm-prone forests is approached and stand structure can be manipulated through a well-planned cutting program.

While all of these techniques offer some promise, none is likely to be the solution to the budworm problem. Possibly, as they become available for operational use, their effectiveness can be increased by incorporating them, together with chemical insecticides, in some form of integrated control.

There is room for considerable refinement in the strategy of budworm control. For too long the emphasis has been on protecting the resource with no clear definition of what the resources are and which need protecting. A clear definition of requirements for fibre production, recreation and aesthetic values is needed. Control programs could then be implemented from a firmer benefit-cost base. To aid the forest manager in such decisions, a computer simulation model is under development and test by scientists of the Canadian Forestry Service and the University of British Columbia. Given adequate inventory and utilization data on all aspects of the resource, the model will be able to

provide valuable predictions of the outcome of the various strategies available to the forest manager. In the short

term, however, chemical insecticides will remain the manager's principal weapon for protecting trees from the spruce budworm.

THE SENATE

Monday, July 21, 1975

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Dinsdale had been substituted for that of Mr. Clarke (Vancouver Quadra) on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

PRIVATE BILL

MARRIAGE LAW EXEMPTION (RICHARD FRITZ AND MARIANNE STRASS)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-1001, to provide an exception from the general law relating to marriage in the case of Richard Fritz and Marianne Strass.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Azellus Denis, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be now read the second time.

He said:

[Translation]

Honourable senators, I am pleased to move second reading of another bill that was unanimously approved in the other place. I am especially pleased because Bill C-1001 will permit the marriage of two people who love each other and want to unite their lives.

Senator Bourget: Hopefully.

Senator Denis: But they are prevented from doing so because of the degree of consanguinity.

Richard Fritz, 32, and Marianne Strass, 25, both Roman Catholics, residing in the province of Quebec, are uncle and niece and therefore their marriage is prohibited by the Civil Code of the province of Quebec. However, the degree of consanguinity is mitigated because the parties involved are not truly uncle and niece, but half-uncle and half-niece only.

Indeed, Marianne Strass is the daughter of Robert Strass, and Richard Fritz is Robert's brother, but by his mother only, so they are half-uncle and half-niece.

Honourable senators, I will simply state that preliminary to the introduction of the bill, legal, religious and medical authorities were consulted.

During consideration of the bill in committee, legal authorities will determine that as far as marriage is concerned, the federal government has an exclusive jurisdictional right. You will also learn that the interested parties have obtained a dispensation from the religious authorities to allow the solemnization of marriage. Finally, you will see the advice of a medical expert in genetics establishing that the couple involved are in good health and that their consanguinity will not impair their ability to have healthy children more than in a marriage between cousins.

As far as the federal jurisdiction is concerned, honourable senators, allow me to refer you to the British North America Act, sections 91 and 129, of which I will quote the relevant parts.

Section 91 states the following and I quote:

It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order, and good Government of Canada, in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces; and for greater Certainty, but not so as to restrict the Generality of the foregoing Terms of this Section, it is hereby declared that (notwithstanding anything in this Act) the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next herein-after enumerated; that is to say,—

And in this enumeration, one may read the following item at subsection 26:

Marriage and divorce.

Section 129 says that except as otherwise provided in the act, all laws in force in Canada—at the Union—shall continue to be maintained in Ontario, Quebec, Nova Scotia and New Brunswick, as if the Union had not been made. But the Parliament of Canada, or the Legislature of the province concerned, could, according to the authority granted under this act, abrogate, repeal, abolish or alter such legislation, as the case may be.

But the Civil Code of the province of Quebec existed before Confederation. I therefore suggest that the Parliament of Canada has authority to adopt the bill now under study.

I submit that this bill be now adopted on second reading. Thus, you will be contributing to the happiness of two lovers who, thanks to you, will be able to marry legally

and according to their faith. In your name as well as mine, I dare to wish them many children.

Senator Bourget: Very good.

● (2010)

[*English*]

Hon. Allister Grosart: Honourable senators, Senator Denis has certainly given an excellent explanation of this problem, and also what I might call a passionate plea for the two lovers involved. Let me say that I cannot think of a senator who could make a more appealing plea for two lovers than Senator Denis.

I see no problem in connection with this bill on the grounds of consanguinity, or on the question of the federal jurisdiction in this area. Senator Denis has made a very good case from both points of view. One problem, of course, remains. Why is an exception being made from the law as it stands—in this instance the Civil Law in Quebec—for a single case? This would indicate to me that a case might be made out before the committee to which Senator Denis has said this bill will be sent, for consideration of the law as it stands. I do not know whether any other province has a similar prohibition against marriage between an uncle and a niece, although in this case, of course, there are circumstances which make it not quite the normal uncle and niece relationship, as Senator Denis has explained. I would hope that this would be discussed in committee so that we might have some information why we have this law and why it should remain on the statute books of Quebec, and on the statute books of some other provinces, as I am told it may.

As one who has some connection with the Anglican religion, I can say that I have often wondered at the extraordinary prohibition against the marriage of a man to the sister of his deceased wife. On what grounds the Anglican Church prohibits that kind of marriage I have never been able to understand, but apparently there are reasons. This whole subject might be opened up and discussed in committee.

Honourable senators, having made those remarks I merely say that we have no objection to the bill's getting second reading and being referred to committee, as Senator Denis has suggested.

Senator Denis: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if Senator Denis speaks now, his speech will have the effect of closing the debate on the motion for second reading.

Senator Denis: Honourable senators, I wish to thank Senator Grosart for his kind words. If I did well, it is because I have a good case. Furthermore, as you can understand, the two lovers are in a hurry to get married. As far as this private bill is concerned, it may well be the starting point of a general law, since it is the wish of the Province of Quebec that a reference be made to the Supreme Court of Canada for a decision on this type of problem. In any event, these two people, thanks to the Opposition as well as to the Government, will be very happy, and they will surely understand that even though some of us are old we know what it means for a husband

[Senator Denis.]

and wife to spend a lifetime together, according to the law and the religious principles they believe in.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Denis moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

SUSPENSION OF RULE 95

Senator Denis: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move, seconded by Senator Fournier (de Lanaudière), that rule 95, whereby a private bill originating in the House of Commons shall not be considered by a committee until twenty-four hours from the date of referral, be suspended with respect to the Bill C-1001, intitled: "An act to provide an exception from the general law relating to marriage in the case of Richard Fritz and Marianne Strass."

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Senator Langlois: Honourable senators, I do not think the question of leave arises since rule 95 applies only to private bills originating in the Senate. This bill originated in the other place.

Senator Grosart: I think Senator Denis made it quite clear he was dealing with the twenty-four hour prohibition. He was not referring to the prohibition in rule 95 whereby, if a private bill originates in the Senate, there has to be one week's delay before it can be considered by a committee. As I understand the situation, Senator Denis asks that the second part of rule 95—that a private bill originating in the House of Commons should not go before a committee until after the lapse of twenty-four hours—should be suspended.

On this side we have no objection to that, but we feel that we should once again make clear the importance of the delay which is required in the case of private bills, whether they originate in the Senate or in the House of Commons. In the case of a bill originating in the Senate, the requirement is for a one-week delay before the committee can consider it.

Naturally, I am not at this time going to comment on the Speaker's decision in a matter such as this which we dealt with last week. I simply want to say that my understanding is that in a case of that kind, where there is a petition for a bill, that petition is still before us, because the bill which has been asked for—not the introduction of the bill, but the passage of the bill through the Senate and the House of Commons—is the issue. My suggestion is that some other rules might apply in this particular case, although it is not my intention to go back and discuss the decision in the other case.

However, I think it is of tremendous importance that we in the Senate generally observe rule 95, because it makes quite clear what the distinction is.

Senator Langlois: It does not apply.

Senator Grosart: It does apply, because rule 95 says:

—in the case of any such bill originating in the House of Commons, until twenty-four hours thereafter.

There you have examples of the two cases. If it is a Senate bill, then there is a delay of a week; if it is a House of Commons bill, then there is a delay of twenty-four hours. The reason is obvious. If a bill has been before the House of Commons, then the necessary time for anybody who might object to it to make representations to the committee has elapsed. In this case the bill has come from the House of Commons, and therefore the only stay would be one of twenty-four hours.

As I have said, we on this side have no objection to the motion that the requirement of a twenty-four hour delay be suspended in this particular case, but, honourable senators, it is very important that we do not make this a precedent. We had one case last week, and now we have another. In the particular case that Senator Denis has presented the very fact that there has been a dispensation from the Church—which would be inclined to be more strict, perhaps, than either the Civil Code or the federal law—is, I think, a consideration that we should take into our judgment in this matter. I repeat, we are not objecting to this, but we feel that it should not be made a general precedent. It so happens that in the case of the last three or four private bills, because they have come before us with some degree of time urgency, we have tended to agree to suspend our rule for the time being. I hope it will not be a precedent, but in this particular case we do not object.

● (2020)

Senator Denis: Honourable senators, I am happy to hear such good advice from Senator Grosart. You may be sure that I would never dare to ask for the suspension of these rules at the beginning of a session, and if it were not the case of two lovers—

Senator Grosart: For two lovers, yes.

Senator Denis: We should do the right thing at the right time.

Motion agreed to.

Senator Laird: Honourable senators, may I be permitted to mention that, with the kind cooperation of the Deputy Leader of the Opposition and his party, and hoping that this would happen, I have arranged for a meeting of the Legal and Constitutional Affairs Committee for tomorrow morning at 10 o'clock in room 356-S.

Hon. Senators: Hear, hear!

PUBLIC SERVICE STAFF RELATIONS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-70, to amend the Public Service Staff Relations Act.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Sidney L. Buckwold: Honourable senators, with leave of the senate, I move that the bill be given second reading now.

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Senator Buckwold: Honourable senators, may I first thank the Deputy Leader of the Opposition for his cooperation in allowing second reading of this bill to be proceeded with now. You will recall that on May 29 of this year I presented the third report of the Special Joint Committee on Employer-Employee Relations in the Public Service. In its report the joint committee recommended that because of the very heavy administrative load facing the Public Service Staff Relations Board, it was imperative that some changes in its set-up be made without delay. The government has responded to this request, which was unanimous on the part of the joint committee members, and has introduced Bill C-70, which we are now considering. This bill will bring into law the changes that were requested.

I now offer a brief history of the joint committee's study of the Finkelman Report on the Public Service Staff Relations Act. In April of 1973 the Government of Canada asked Mr. Finkelman, Chairman of the Public Service Staff Relations Board and a very able public servant, to review the operations of his board and of the Public Service Staff Relations Act, with a view to recommending necessary changes. This act was passed in 1967 and has operated reasonably well. However, as we are all aware, the tensions that have developed over the last few years in the relationship between employer and employee in the Public Service have required a very careful review. As such, Mr. Finkelman prepared a report after several months of sittings, and it was tabled in the spring of 1974. In November 1974 a joint committee of the Senate and the House of Commons was appointed to review Mr. Finkelman's recommendations.

This committee, of which I have the honour to be a co-chairman, has been actively engaged in holding hearings. It has held almost 40 public meetings, and called a wide range of witnesses representing both employers and employees, as well as witnesses from the private sector such as the Canadian Chamber of Commerce and the Canadian Manufacturers Association.

The committee is not yet prepared to present its final report. Many subjects require careful study, which the committee is now in the process of reviewing. Some of the topics and themes being considered, on which the committee will make recommendations—the list is by no means complete—are: confidential and managerial exclusions; designation; illegal strikes; pay research; classification; technological changes; lay-offs; training; pensions; and many other subjects of vital concern to both employers and employees. Honourable senators will see from that short list that the subjects under review are complex, and the committee is trying assiduously to come up with answers that hopefully will meet the exigencies of the current situation.

The bill before us represents a response to the interim report and the backlog of work to which I have referred. Mr. Finkelman repeatedly pointed out in his presentation

to the committee, and also in his report, the incapacity of his board as presently constituted to carry the burden entrusted to it. He said there were a wide variety of administrative problems.

I quote as follows from the committee's report, which was presented to the Senate on May 29:

In his report to the Government, and with even greater emphasis in his supplementary representations to your Committee, the Chairman of the Public Service Staff Relations Board has expressed concern at the incapacity of the Board, as it is now structured, to carry the burden entrusted to it. This concern is expressed in his recent representations in the following terms:

The experience of the last year, and particularly of the last few months, has demonstrated beyond the shadow of a doubt that it is becoming increasingly difficult for the Board as presently constituted to meet the demands that are made on it. If the Board is to be able to perform its functions both properly and in a timely fashion, no barriers should be erected to the effective use of all resources of the Board in relation to its responsibilities. Every member of the Board must expect to be, and be capable of being, fully utilized in relation to his inherent capabilities.

Honourable senators, the major change in the Public Service Staff Relations Act affects the constitution of the board. Most of the amendments are consequential upon that change, and involve a variety of follow-up changes.

Instead of having, as we now have, a Public Service Staff Relations Board composed of a chairman, a vice-chairman and three deputy chairmen, and all other members being part-time members, the bill provides that there be a chairman, a vice-chairman, not less than three deputy chairmen, and such other full-time members, and such part-time members, as may be required. The key is "such other full-time members as may be required."

● (2030)

These would then also assume the functions and powers of the chief adjudicator, the present adjudicators and the arbitration tribunal. They will all be invested with the present powers and functions of the Public Service Staff Relations Board, all of which functions are to be carried out by the full-time board.

Honourable senators, that basically explains the bill. It goes on to outline how the appointments are to be made. Members are to be appointed by—

Senator Choquette: Don't mention that. We know. Is there any end to Liberal appointees? Is there any end? I am asking a question. Is there any end to political Liberal appointees to these commissions? That is my question.

Senator Buckwold: Honourable senators—

Senator Choquette: Would you answer my question? Take your time.

Senator Buckwold: I will take lots of time. I am in no great hurry. As far as appointments are concerned, I defy the honourable senator to place a shadow on any appointment that has been made to the Public Service Staff Relations Board.

Some Hon. Senators: Hear, hear!

[Senator Buckwold.]

Senator Buckwold: In all of the hearings of this committee, on which there are both Government and Opposition members from the two Houses of Parliament, there was not one indication of any dissatisfaction with any member of the board.

Some Hon. Senators: Hear, hear!

Senator Choquette: More applause. Isn't that noble?

Senator Buckwold: You are the one who asked the question. You are the noble knight of the evening.

Senator Choquette: Yes, and I said, "Isn't that noble?"

Senator Buckwold: I think that when the honourable senator asks a question such as that he should at least have a basis of reasonable doubt. I think I have answered his question by indicating that appointments to the Public Service Staff Relations Board have been apolitical. It could be that the honourable senator has some point to make with respect to other commissions. I am not discussing that. It may be, although I doubt it.

The mix of the board—

Senator Choquette: Again, gentlemen, more applause. We are giving you the signal.

Senator Buckwold: Honourable senators, it would seem to me that when an important bill such as this is before the Senate the honourable member of the Opposition should allow the discussion to proceed in a reasonable fashion. With your permission, I should like to continue.

The members of this board are appointed by the Governor in Council from a list prepared by the chairman. The present chairman is Mr. Finkelman, and he will be replaced in due course by, I am sure, a very worthy successor. Mr. Finkelman, by the way, was unanimously lauded as chairman by members of the committee from both sides of the other place. Mr. Forrestall, a representative of the Progressive Conservative Party, and Mr. Knowles, a representative of the New Democratic Party, in the debate on this bill in the other place, both went to great lengths to expound on the very able leadership that has been provided by Mr. Finkelman.

In any event, the Governor in Council, from a list prepared by the chairman after consultation with representatives of the bargaining units—that is, both the employer and the employees—then makes a choice. I should also point out that the chairman himself has the right to suggest such names as he feels would be in the public interest, and these names are presented to the Governor in Council.

Senator Choquette: Isn't that wonderful!

Senator Buckwold: The new board will handle all third party responsibilities in collective bargaining. It will take over the role of the present board, the arbitration tribunal and the adjudicators. It will involve using the members in a variety of functions as required.

It has been pointed out that the mix is important. I want to assure honourable senators that this point was raised by Mr. Forrestall. The minister, in responding to it before the special joint committee that was reviewing the bill, assured the members that the mix of the board would allow a proper representation of all parties, as suggested during the hearings, and that the government would be

very careful in making sure that adequate representation of the employer and employees would follow that kind of mix which has led to the high reputation of the board as it is presently constituted.

A second point raised by Mr. Forrestall—and I think rightly so—was in relation to one change in this bill from the original presentation to the committee. That change gives the chairman of the board the right in a particular dispute to name an outside arbitrator. I am sure all members of the committee were well satisfied with the response that it is sometimes necessary to have an outside arbitrator named. Senator Choquette will be glad to hear that the outside arbitrator is not named by the government, but by the board, and only in a particular circumstance and for a specific purpose, especially when time is of the essence in industrial disputes. For that reason, it was the unanimous feeling of the committee that this is a good amendment.

Honourable senators, Bill C-70 is a consolidation and re-organization of the relevant sections of the Public Service Staff Relations Act. Most of the amendments, as I have said, are consequential upon the combining of the jurisdictions of adjudication, arbitration, and board functions in a reconstituted full-time board. There are other amendments relating to appointment procedures and facilitating of the conduct of hearings.

As I have indicated, this bill has already been referred to and considered by the Special Joint Committee on Employer-Employee Relations in the Public Service, and I commend it to honourable senators for their approval.

Senator Choquette: Hear, hear!

Senator Grosart: I wonder if I may ask the sponsor of the bill one question. What will be the relationship of the continuing work of the joint committee of the two houses in relation to this bill, if and when it is passed?

Senator Buckwold: Honourable senators, the committee has brought down only an interim report. As I indicated, there are many other major theme subjects which will be reported on, and recommendations made. The committee will continue until such time as it presents its final report. The answer to the honourable senator's question is that the reconstitution of the board in this manner will in no way affect the future operations of the committee.

On motion of Senator Macdonald, for Senator Phillips, debate adjourned.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the National Farm Products Marketing Council, including a statement of expenses, for the fiscal year ended March 31, 1975, pursuant to section 16 of the Farm Products Marketing Agencies Act, Chapter 65, Statutes of Canada, 1970-71-72.

Report of the Canadian Grain Commission for the year ended December 31, 1974, pursuant to section 14 of the Canada Grain Act, Chapter 7, Statutes of Canada, 1970-71-72.

Copies of Initial and Supplementary Federal-Provincial Agreements in respect of the establishment of

a Comprehensive Marketing Program for the purpose of regulating the marketing of eggs in Canada.

Copies of National Energy Board Report, dated April 1975, entitled "Canadian Natural Gas, Supply and Requirements", together with a statement thereon by the Minister of Energy, Mines and Resources.

Copies of documents relating to the Foreign Investment Review Act, issued by the Department of Industry, Trade and Commerce, as follows:

- (1) Foreign Investment Review (New Business) Regulations
- (2) Guidelines concerning Related Business
- (3) New Principles of International Business Conduct.

Copies of Report of the Task Force on Energy Research and Development to the Minister of Energy, Mines and Resources, dated April, 1975, entitled "Science and Technology for Canada's Energy Needs".

Copies of correspondence exchanged between the Prime Minister of Canada and the Premier of Manitoba, dated February 24 and March 21, 1975, relating to publicity arrangements in respect of shared-cost programming in Manitoba.

● (2040)

NATIONAL CAPITAL REGION

FIRST REPORT OF SPECIAL JOINT COMMITTEE PRESENTED AND ADOPTED

Senator Deschatelets, Joint Chairman of the Special Joint Committee of the Senate and House of Commons on the National Capital Region, presented the first report of the committee.

Thursday, July 17, 1975.

The Special Joint Committee of the Senate and of the House of Commons on the National Capital Region presents its first report as follows:

Your committee recommends that its quorum be fixed at eleven (11) members, provided that both houses are represented, whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to hold meetings to receive and authorize the printing of evidence, when a quorum is not present, so long as five (5) members are present, provided that both houses are represented.

Respectfully submitted.

Jean-Paul Deschatelets,
Joint Chairman.

[Translation]

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Senator Deschatelets: Honourable senators, notwithstanding rule 44(1)(e), I move, seconded by Senator Hicks, that this report be adopted now.

[English]

The Hon. the Speaker: Honourable senators, the house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

[Translation]

Senator Deschatelets: Honourable senators, we have had an organization meeting and, upon our return this fall, we intend to hear all those who have views to express on the new national capital area. Intense publicity will be made during the summer with a view to allowing all organizations as well as provincial governments to be ready when we come back, so that we can get down to work.

Motion agreed to and report adopted.

[English]

UNITED NATIONS

CONFERENCE ON CRIME PREVENTION—STATUS OF PALESTINIAN LIBERATION ORGANIZATION AS PARTICIPANTS—QUESTION AND ANSWER

Senator Buckwold: Honourable senators, I have a question to ask the Leader of the Government on the matter of allowing the representatives of the Palestinian Liberation Organization to attend the forthcoming United Nations Conference on Crime Prevention, to be held in Toronto. As a matter of very great concern to many Canadians—

Senator Choquette: What Canadians?

Senator Buckwold:—my question is: Has the Canadian government made any decision in this regard?

Senator Perrault: Honourable senators, I can advise this chamber that the Secretary of State for External Affairs has advised the Secretary-General of the United Nations that Canada does not wish to proceed with the Fifth United Nations Congress on the Prevention of Crime and the Treatment of Offenders this year. He has sought the Secretary-General's cooperation in obtaining a postponement of the congress and he has undertaken to study the situation in order to clarify his position. In the government's view, this congress cannot be held successfully anywhere this year.

Honourable members are aware of the fact that at the fourth congress held in Kyoto, Japan, in 1970, the Government of Canada, in consultation with the Province of Ontario, proposed that the venue of the next congress be Toronto, in September of 1975. This proposal was accepted by delegations and subsequently confirmed by the General Assembly. Since that time, however, there has been a steady deterioration of the atmosphere in which international conferences are held. It need hardly be mentioned that this discord marred the sixth special session and the last regular session of the General Assembly, the recent conferences of the United Nations Industrial Development Organization (UNIDO) and of the International Labour Organization (ILO) as well as the International Women's Year Conference in Mexico just a few weeks ago.

Whereas a minimum of cooperation is essential to any progress in the international field, it is the view of the Canadian government that we have witnessed lately excessive confrontation on issues that were not related to the subject matter of conferences. The ingredients are well-known: racialism in Southern Africa, the Middle East conflict, producer-consumer relations, and the full range of economic development problems subsumed under calls for a "New World Economic Order." Canada believes that these are very real and difficult problems which must be

[The Hon. the Speaker:]

dealt with urgently, in the appropriate international institutions, before they poison the body politic of the United Nations family; and let there be no doubt that the government considers it necessary and desirable that political factors take their proper place even in the most technical of conferences. But, in the view of the government, they must meet some test of relevance and in recent United Nations conferences this has clearly not been the case.

In conclusion, may I say that honourable members are aware that in respect of the Toronto Congress on Crime Prevention, which was to take place next September, one of these issues had already become paramount. It arose from the resolution adopted in November 1974 by the General Assembly, with Canada dissenting, inviting the Palestinian Liberation Organization (PLO) to attend its sessions as a permanent observer and, in a similar capacity, conferences convened under the auspices of the General Assembly or other organs of the United Nations. Accordingly, the Government of Canada was informed by the United Nations Secretariat some time ago that observers from the PLO had been invited to attend the Fifth Congress on Crime Prevention and that the Canadian authorities were expected to allow entry, sojourn and exit to these participants.

It is with reluctance that the government has decided to seek postponement of the congress, but we concluded that it would not be possible, in present circumstances, to hold a successful congress on crime prevention in Canada or anywhere else.

Honourable senators, I would propose, at tomorrow's sitting, that the complete statement made by the Secretary of State for External Affairs, the Honourable Allan MacEachen, on this particular subject, be tabled.

Senator Grosart: Honourable senators, the Leader of the Government suggests that that statement be tabled tomorrow. Is there any reason why it should not be tabled this evening?

Senator Perrault: Honourable senators, I have the document here. It was my proposal to make individual copies available, between now and tomorrow, to all members of the Senate. I would be quite prepared to table it this evening, if the senator so desires.

Senator Grosart: Honourable senators, it seems to be a matter on which there may be some discussion in the Senate. The mere tabling does not provide an opportunity for discussion of such a paper. Perhaps the Leader of the Government would consider moving the resolution by which this might be put on the Order Paper for discussion tomorrow. There is a resolution by which that can be achieved.

Senator Perrault: I will certainly take the proposal under consideration.

ENERGY

LIGHTING OF FEDERAL GOVERNMENT BUILDINGS— QUESTION ANSWERED

Senator Perrault: Honourable senators, with your permission I would like to reply to the question by Senator Forsy regarding the conservation of energy in federal government buildings by cutting down lighting. This

question was asked on March 10 of this year, as reported at page 606 of *Hansard*. I must apologize for the long time it has taken to evolve a reply, but I would like now to provide the following enlightenment.

In the fall of 1973, instructions were issued to all Regional Directors, outlining the measures to be taken to conserve energy in all crown-owned and crown-occupied buildings throughout the country. The Department of Public Works, in cooperation with its client departments, has been applying the guidelines suggested and has met with increasing success despite various problems that have arisen to interfere with their efficient application. Lights are turned off in all buildings housing government offices, where occupants have left for the night, with the following exceptions:

- a) buildings in which cleaning services and/or security sweeps are required to be carried out after occupants vacate, in which case lights are turned off by security staff when all operations have concluded or after operations have concluded in separate areas of the building, when switching arrangements permit.
- b) buildings having greenhouse operations, when lights are kept on in most of the buildings at night during the fall, winter and spring, when heat and light are required for experimental purposes.

This appears to be eminent good sense, to have lights on in a greenhouse.

- c) buildings in which occupants require at least partial lighting during unoccupied hours, for security reasons.
- d) buildings in which the Crown occupies leased space and building owners have elected to leave lights on after the occupants have left and cleaning operations have been concluded.

● (2050)

Much effort has been expended in trying to work out suitable arrangements to permit lights to be turned off in the Lester B. Pearson Building during the evening and early morning hours. However, one problem which has arisen in attempting to implement lighting conservation measures in this building has been the relatively large number of External Affairs Department employees who work in the evening and require adequate illumination. In other words, employees of the Department of External Affairs cannot be allowed to work in the dark.

In this connection, the switching arrangements do not permit the extinguishing of lights in other areas where illumination is not required. However, consultants were retained to investigate and submit a report on the feasibility of providing more flexibility and better control over switching arrangements. They have recommended the installation of a central control panel for lighting, and some additional modifications to the switching arrangements in the building. This report is currently under review and these measures may be implemented, if it can be determined that energy savings will be greater than the cost of the system.

Another problem encountered has been the difficulty of introducing "gang cleaning" where all the cleaning staff make a concerted effort in one area such as one floor, then extinguish the lights and move on to another area. From a

management point of view, this method makes it difficult, if not impossible, to pinpoint areas of responsibility for unsatisfactory performance. From a cleaning staff point of view, "gang cleaning" denies the individual cleaner his own specific area to look after. In this connection, strong objections were raised by Public Service Alliance of Canada officials when the method was to be introduced in another building. It was therefore decided not to implement such measures in the Lester B. Pearson Building.

I conclude this long reply with a final paragraph.

It is the view of the Department of Public Works that it is more economical, irrespective of the type of lighting involved, if lights can be turned off when the building is not occupied. It must be recognized, nevertheless, that from a purely economical standpoint it may be less costly to provide illumination in some buildings on a 24-hour a day basis. This would be so in situations where security requirements of the occupying department, switching arrangements in the building for cleaning schedules, et cetera, might all have to be altered, incurring additional capital and/or operational costs which might more than offset any potential energy cost saving. It has been the Department of Public Works' experience that each building must be given individual consideration in the light of operational requirements of the occupying department.

BROADCASTING

APPEARANCE OF GERDA MUNSINGER ON CBC TELEVISION PROGRAM—INQUIRY ANSWERED

Senator Forsey inquired of the government pursuant to notice:

1. How much did the Canadian Broadcasting Corporation pay Mrs. Gerda Munsinger for her appearance on the Barbara Frum program on CBC TV at 9 o'clock Saturday evening, June 7, 1975,

(a) by way of expenses?

(b) by way of fees?

2. Has Mrs. Munsinger a record of criminal convictions in Canada?

3. How long is she to be allowed to remain in Canada?

4. Is it the intention of the Canadian Broadcasting Corporation to present other persons of similar qualifications on this program at public expense?

5. If so, what is the budget for such appearances?

6. What criteria does the corporation use in selecting the people who are to appear on this program?

7. Does the government consider that the presentation of Mrs. Munsinger on this program is a proper use of public money?

8. Does the government consider that the presentation of Mrs. Munsinger on this program conforms with the CBC's mandate as laid down in the *Broadcasting Act*?

Senator Perrault: Answered.

I am informed by the Canadian Broadcasting Corporation, the Secretary of State, Ministry of the Solicitor General and the Department of Manpower and Immigration as follows:

1. It has not been customary to require the CBC to supply such details of its internal management and administration.

2. The Royal Canadian Mounted Police are unable to answer this question, as requests for criminal records must be supported by fingerprints, otherwise no identification can be made.

3. She entered as a visitor under Section 7(1)(c) of the Immigration Act on May 30, 1975 with permission to remain in Canada until June 14, 1975.

4. It is the intention of the CBC to interview, from time to time, persons who have been part of the Canadian scene.

5. It has not been customary to require the CBC to supply such details of its internal management and administration.

6. It is the intention of the CBC to interview, from time to time, persons who have been part of the Canadian scene.

7. The presentation of Mrs. Munsinger on the Barbara Frum program was a programming decision made by the CBC. It is not the policy of the government to interfere in programming decisions made by the corporation.

8. Yes.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, July 22, 1975

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BROADCASTING

CTV NEWS REPORT—THE LATE VIATEUR ÉTHIER—QUESTION OF PRIVILEGE

Senator Greene: Honourable senators, I rise on a question of privilege. On the CTV news last night there was announced the sad death of Viateur Éthier, who was for a long time a member of Parliament in the other place. He represented with great honour and distinction the constituency of Glengarry-Prescott.

In the news announcement he was stated to have been a member of the Conservative Party. I think that that is a very distinct breach of the privileges of a member of Parliament. I do not speak in the sense of denigrating that great party. I think it would have been equally a breach of privilege if erroneously the press had announced at the time of the departure of the late Gordon Graydon, who was such a distinguished member of his party for many years, that he was a Liberal or a member of the NDP or anything else but a Conservative.

Surely the press has a responsibility for reporting the truth and the facts. Surely it is a breach of the privileges of Parliament when there is a misrepresentation which is fundamental to the nature of political association, and which I think would be taken particularly seriously by his friends and colleagues and supporters over many years.

I would urge that this house move a vote of censure against the CTV network and any other instruments of the media which so misrepresent the political status of the late Viateur Éthier whose long and distinguished service certainly entitled him, in his sad demise, to have the truth reported about him.

Senator Perrault: Honourable senators, I can well understand the degree of concern felt by our honourable colleague about this unfortunate mistake by one of the news services in this country. However, I cannot support the view that the situation calls for a vote of censure against the CTV network. It may simply have been an inadvertence, and they probably feel as badly about it today as any senators might this afternoon.

Senator Flynn: Honourable senators, I agree with the Leader of the Government, and I would tell my good friend Senator Greene that never have I seen anyone particularly insulted by the fact that, being a Liberal, he was considered a conservative with a small "c", or, being a Conservative with a big "C", was called a liberal. I have been called that quite often and I have never taken it too badly.

PROVINCE OF NOVA SCOTIA

SPRINGHILL FIRE DISASTER

Senator Graham: Honourable senators, before we begin the normal proceedings I wonder if I might have permission to speak briefly about the circumstances surrounding the recent events in the town of Springhill, Nova Scotia.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Graham: Honourable senators, because of the tragic circumstances surrounding the disastrous fire in the ill-fated town of Springhill last Sunday—events which you have all heard about, read about or have seen on television—I visited that community yesterday at the request of Nova Scotia's representative in the federal cabinet, the Honourable Allan J. MacEachen. In the brief moments at my disposal, I should like to report on my findings and tell you about my meeting with the mayor of Springhill, His Worship William Mont, as well as with the representative in the legislature, Guy Brown, and other civic officials. At the same time I should like to urge upon the Leader of the Government in the Senate, and through him to impress upon his colleagues in the cabinet, the necessity of responding swiftly and sympathetically to any requests for assistance which may come from either the town of Springhill or the province of Nova Scotia or both. I have already discussed this matter briefly with Premier Regan, and today his cabinet is meeting in special session to examine what course of action it will take in the light of these unfortunate circumstances.

● (1410)

Let me summarize briefly what happened in this latest disaster to hit Springhill, a community of some 5,500 people. About 80 per cent of the main street business section was wiped out; 20 buildings, housing some 34 businesses, were completely destroyed; nine other buildings were damaged; approximately 15 families were left homeless, and 80 to 100 jobs were lost directly. The actual loss at this moment runs anywhere from \$3 to \$4 million, but the replacement value, as estimated by Mayor Mont, is in excess of \$10 million. Unfortunately, the general commercial insurance carried on these properties is unofficially estimated at between 20 and 25 per cent of the actual value. It was miraculous that there was no loss of life, and that no injuries were suffered. In this regard I must pay tribute to the firemen from Springhill and the surrounding communities, who eventually contained the blaze.

Honourable senators, the people of Springhill must be a very special breed. Back in 1891 a mine explosion killed a total of 125 men and badly injured another 17. More recently, in 1956, a mine explosion killed 39 men. A fire in 1957 destroyed much of the community's business section,

and a year later a "bump", as it is known in the mining industry, resulted in the loss of another 75 lives.

Yesterday, as I reported earlier, I met for some time with His Worship the Mayor, with other officials and with many townspeople. I must report that they are very philosophical, and demonstrate tremendous courage. The clean-up is well under way, and the people themselves are determined to rebuild. They most certainly will need help, however. I think, for example, of help in the way of worthwhile make-work projects to provide immediate jobs. I am aware that officials from the Job Creation Branch of the Department of Manpower and Immigration have been, and are, on the scene, and I am wondering if a special case could not be made for bringing the Local Initiatives Program forward now, instead of waiting for the winter months, to create jobs in Springhill. I have already begun exploratory talks in this regard with officials of the department.

I think also of help in the way of new industry, to provide long-term jobs and much needed stability for the community. I express the hope that efforts will continue at a stepped-up pace on the part of both the provincial and the federal governments, particularly between the provincial Department of Development and the federal Department of Regional and Economic Expansion, to find a suitable replacement for Buckingham Mills, which closed in that community last year, resulting in the loss of some 75 jobs.

It has already been suggested in many places that with the growing importance of coal in the field of energy, exploration activity will be accelerated to determine the feasibility of opening a new mine in that area. I am aware that private interests are drilling holes at the present time. I believe some 26 holes were drilled last year. I am sure that the federal government will want to cooperate with the province in this field as well.

I think in terms of the need of housing for the approximately 15 families who have been left homeless, and I would hope that Central Mortgage and Housing will cooperate with the Nova Scotia housing commission in finding an early solution to this problem in that particular area.

If expansion of the minimum security prison at Springhill is feasible, then an early start should be made on this expansion, since I understand this institution is well accepted in that community.

I trust that the Leader of the Government will impress upon his colleagues, as I trust that all senators will endeavour to impress upon members of the government, the importance of such measures so that we in the rest of Canada can complement the very real determination of the people of Springhill.

Senator Perrault: Honourable senators, I know that I speak on behalf of all senators in all parts of this chamber when I thank Senator Graham for his informative and even moving statement this afternoon. The people of Springhill in Nova Scotia have demonstrated a rare degree of courage and tenacity in the face of great vicissitudes down through the years. I want to assure the house that the government will greet most sympathetically and compassionately any request for assistance which may be

[Senator Graham.]

forthcoming from the Government of Nova Scotia. As honourable senators are aware, in eventualities of this kind, the provincial government must apply formally to the federal government for some type of assistance. To this point, no formal request for assistance has been received. But when and if it is received, the request will be treated most sympathetically by the Government of Canada.

Senator Macdonald: Honourable senators, I am sure we are all pleased that Senator Graham brought this matter to the attention of the Senate. Certainly the town of Springhill has been unfortunate over the years with its history of mine disasters and fires. At times it has come close to being wiped out. It is certain that anything that the Government of Canada can do to assist these people will be very commendable. It struck me when Senator Graham spoke about the mining disasters at Springhill that the history of coal mining in Nova Scotia has been one of great loss of life through mining accidents. It is a dangerous occupation, and perhaps to a certain extent we have become accustomed to this over the years. No matter what safety devices have been used in the mining industry—and there have been many—there has always been some loss of life. It would certainly be a tremendous step forward if a safer method of mining could be devised for the mine at Springhill. I am informed that the coal is there, but it is difficult to mine. There have been two bad accidents in the area, and I understand it would be unsafe to continue mining operations under the present method.

Honourable senators, I hope that the request for aid from the Government of Nova Scotia will soon be made and that the Government of Canada will respond immediately and go all out to assist the people of that community.

● (1420)

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Baker (Grenville-Carleton) has been substituted for that of Mr. Fraser on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

UNITED NATIONS

FIFTH UNITED NATIONS CONGRESS ON CRIME PREVENTION—STATEMENT BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS TABLED

Hon. Raymond J. Perrault: Honourable senators, as I indicated yesterday, I have the honour today to table a statement concerning The Fifth United Nations Congress on Crime Prevention and the Treatment of Offenders made to the House of Commons on July 21, 1975, by the Secretary of State for External Affairs. In this connection I point out that the complete statement made in the other place by the Secretary of State for External Affairs is to be found in *House of Commons Debates* of yesterday, at

page 7757. Honourable senators will recall that I undertook to provide them with copies of this statement. In view of the fact that it is now available at each desk in the *House of Commons Debates*, I felt it would not be necessary to re-circulate the statement.

Arising out of this tabling of the statement, and in order to permit those honourable senators who wish to comment on this important foreign policy initiative of the Government of Canada to do so, I would move, seconded by the Honourable Senator Langlois:

That the statement concerning the Fifth United Nations Congress on the Prevention of Crime and the Treatment of Offenders made to the House of Commons on July 21, 1975, by the Secretary of State for External Affairs, be printed as an appendix to the *Debates of the Senate* of this day.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Motion agreed to.

(For text of statement see appendix pp. 1248-1249.)

Hon. Allister Grosart: Honourable senators, I would like to make a brief comment regarding this decision by the government. Various views have been expressed as to whether it was the right course of action for Canada to take at the time, particularly by those who have suggested that it did not go far enough. The decision, of course, has been to request the postponement of the Fifth United Nations Congress on Crime Prevention. While the government was not as explicit as some might wish it to have been, among whom I include myself, it has at least come out and made a decision which, in my opinion, is very much to the credit of Canada.

I am not attempting any judgment at this time as to possible solutions or compromises that may in the long run be necessary to resolve the outstanding differences between Israel and the Arab world. That is another matter. However, in my view, the government is completely justified in refusing to proceed with a conference that attempts to solve some of the problems of international violence and crime when some would be eligible to attend by virtue of a resolution which Canada opposed, and in spite of the fact that they belong to an organization which openly advocates unjustifiable, irresponsible violence to serve their ends. The official statement of the government is carefully worded—cautiously worded, I think; perhaps too cautiously—but it is a way out of a problem, and a way to avoid a situation which would have been highly embarrassing to a great many Canadians.

The matter, of course, concerns not merely the question of this conference, because the problem that has arisen could not have been foreseen when Canada extended the invitation for the conference to be held here. It goes beyond that, because it recalls the decision of one of the major United Nations agencies, UNESCO—United Nations Educational, Scientific and Cultural Organization—to exclude Israel from the European zone. That, in effect, excluded it from any zone, because there was no incongruity in Israel's belonging in that zone in view of the fact that Canada is in it. There was also the decision to ban UNESCO grants to Israel, based on a ground that no

responsible person would find viable, namely, the ground that the Israelis had carried on some archaeological work in the city of Jerusalem. It was obviously a political blackmail decision, but not one of any great consequence to Israel because it involved not more than \$25,000, which is much less than the Israeli contribution to UNESCO.

Senator Hicks: Twenty-five thousand dollars.

Senator Grosart: Twenty-five thousand dollars was the UNESCO contribution. In fact, Canada's contribution to UNESCO itself is about \$2 million. It is a substantial contribution of course, because Canada, as a matter of fact, contributed more to the work of UNESCO than all the Arab countries put together.

I have said that had this conference gone forward under existing conditions it would have been embarrassing to a great many Canadians. Those who have objected to the UNESCO decision, and to any decision to carry on with this conference under those circumstances, include some of the most respected Canadian citizens I can think of. They include, for example, Doris Anderson, the Editor of *Chatelaine*; Mario Bernardi, the conductor of the National Arts Centre Orchestra; our respected former colleague, the Honourable Thérèse Casgrain; Maureen Forrester; Northrop Frye, one of our most distinguished professors at the University of Toronto; Gerhard Herzberg, our only Nobel Peace Prize winner; Judy LaMarsh—

Senator Hicks: Herzberg won the Nobel Prize for physics.

Senator Grosart: —the publisher of *La Presse*; the president of the University of Manitoba; and last, but not least, Senator Henry Hicks, president of Dalhousie University and former chairman of the Canadian National Commission for UNESCO.

Honourable senators may have wondered why Senator Hicks was so available with some facts on which I was slipping. When I said he is a former chairman of that commission, I should have added that he is one of those distinguished Canadians who associated themselves with the statement:

The undersigned henceforth refuse to collaborate in this body so long as it does not prove, as regards Israel, its faithfulness to its own goals.

I shall not attempt at this time to assess the problems and differences which exist between the nations involved. I commend the government for going as far as it has gone in this matter. I wish it had gone further, but one step in the right direction is perhaps better than the track record of current government policy decisions.

Senator Perrault: Honourable senators, the remarks of the honourable Deputy Leader of the Opposition are most appreciated and have certainly contributed to the dialogue on this particular subject. I do not intend to make a long statement in reply.

There is a feeling, which goes beyond party, that the United Nations could well be at the crossroads. In recent months we have seen an assault on the idea of the universality of membership in the organization, against the wishes, certainly, and the votes of Canadian representatives at the United Nations.

● (1430)

Against the position, and certainly the votes, of Canadian delegates at the United Nations, South Africa was excluded from the organization. There are reports that there may be a similar effort this fall to exclude Israel from membership in the United Nations. Canada will oppose any such effort. In this disruptive and bitter climate, replete with threats of violence, Canada does not feel that this is an appropriate time to provide the site for a conference on the prevention of crime and violence.

I can assure honourable senators, however, that this will be a prelude to renewed Canadian initiatives at the United Nations this fall in an attempt to develop friendly and cooperative relations among all states, not only in the Middle East, and a better feeling among the member states of the United Nations. Our decision to seek a postponement is consistent with our policy of attempting to advance good initiatives in the world body in order to bring about rational discussion of the problems which afflict mankind.

We have tried to maintain a balanced and objective approach to the Middle East conflict. We have demonstrated as a nation our willingness to act as peacekeepers in that situation. Indeed, a number of Canadians have lost their lives in the process. We support and defend the right of Israel to exist in peace with its neighbours, behind secure and recognized borders. We have stated our conviction that no peaceful and stable solution to this conflict can be found without the participation of the Palestinians, and the just settlement of their claims. We have always condemned the use of violence, whatever its source, as a political instrument, or as a means of retribution. To host a conference when there have been threats of violence from various quarters is not consistent with the Canadian position with respect to violence and the use of force and so on as a means of retribution and the resolution of differences.

We have participated, as the Secretary of State for External Affairs said the other day, in all United Nations peacekeeping and ceasefire supervision missions, not only in the Middle East but elsewhere. Canada today—this is a fact not known to many Canadians—is the fourth largest contributor to the United Nations program for the relief of Palestinian refugees out of a total United Nations membership of something like 130. We have advocated and continue to advocate the full implementation of Security Council resolution 242. This all continues to be government policy.

As I have said, we hope that this fall at the United Nations there can be renewed Canadian initiatives to bring to the attention of all members of the United Nations the basic responsibility of that body to discuss rationally, and to resolve through peaceful means, the problems which affect mankind, to help develop a better climate for international conferences of all kinds, so that at some future time we can be host to the Fifth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, and other UN conferences.

If the United Nations subsequently decides that this congress must go ahead despite Canadian wishes, then, of course, it will not be held in this country. But let us fervently hope that the Secretary-General of the United

[Senator Perrault.]

Nations, in consultation with his officials at New York, will agree to a postponement, and that we will see better climate for this and other conferences in the months and years to come.

PETRO-CANADA BILL

REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-8, to establish a national petroleum company, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Cook moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

INTERNAL ECONOMY

COMMITTEE ON SCIENCE POLICY—SUPPLEMENTARY BUDGET TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the supplementary budget presented to it by the Chairman of the Special Senate Committee on Science Policy for the proposed expenditures of the said committee respecting the holding of a special meeting to determine the feasibility of establishing a Commission on the Future as authorized by the Senate on November 21, 1974.

PRIVATE BILL

MARRIAGE LAW EXEMPTION (RICHARD FRITZ AND MARIANNE STRASS)—REPORT OF COMMITTEE

Senator Laird, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-1001, to provide an exception from the general law relating to marriage in the case of Richard Fritz and Marianne Strass, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Denis moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

PUBLIC SERVICE STAFF RELATIONS ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Buckwold, seconded by the Honourable Senator Carter, for the second reading of the Bill C-70, intituled: "An Act to amend the Public Service Staff Relations Act".—(Honourable Senator Phillips).

Hon. John M. Macdonald: Honourable senators, yesterday when I moved the adjournment of this debate on behalf of Senator Phillips, he anticipated he would be able to be here. It now turns out that he will not be able to be present today and probably not during this week. Therefore, I should like permission to speak in his place.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Macdonald: Honourable senators, the bill before us follows the recommendations of the interim report of the Joint Committee on Employer-Employee Relations in the Public Service. We were fortunate in that the sponsor was not only a member of that committee but he was co-chairman and, indeed, chaired the meetings when this bill was considered by the committee.

The bill is somewhat long and technical, but it is not complicated. It reconstitutes the Public Service Staff Relations Board by enlarging it and providing for full-time as well as for part-time membership. It cannot be denied that there is need for this legislation, because as presently constituted the board cannot deal expeditiously with all matters before it. There is a heavy backlog of business. As honourable senators will understand, when matters of this kind are referred to the board, the sooner the board can deal with them the better, otherwise they drag on and people become irritated and the situation becomes worse.

This bill is also an interim measure. The committee is now considering its final report, which will cover many items. The committee has already had 40 public hearings. The original act contains 115 sections, which makes it obvious that the final report will not be adopted at one sitting. However, by passing this urgent legislation while the final report is being considered, the reconstituted board will be able to work on its backlog of cases and try to keep up to date with the new cases which come before it.

As the sponsor said, there was unanimous agreement in the other place that this bill should be passed. The same was true in committee. I go along with this idea, but I have two mild criticisms to make.

● (1440)

I do not wholly agree with the proposed new section 62 under which the chairman is given the power to appoint an outside arbitrator. In other words, he can appoint an arbitrator outside the board. In my opinion the board should be able to look after these matters. If the chairman is given the power to appoint an outside arbitrator, that, in effect, is showing a lack of confidence in the makeup of the board. Now, if it is suggested that it is desirable to appoint an outside arbitrator, certainly the chairman should not have the authority to appoint that arbitrator. Such an appointment should be made only by the Governor in Council, and that could be done on the recommendation of the chairman. Indeed, if I am not mistaken, according to one of the other sections of the act the Governor in Council appoints the members of the board on the recommendation of the chairman. I think the same procedure should be followed in this case.

The only other criticism I have is with respect to the term of appointment, which for the chairman and other

officers is not to exceed ten years, and, for the members, seven years. I realize that is the same as it is in the present act and that many other acts follow that wording, but in my opinion that leaves two points open to question. In the first place, why should it say, "not exceeding ten years"? I say give them ten years or less but make it definite. In the second place, I do not see why there should be any difference between the chairman, vice-chairman and the like and the ordinary members.

Apart from those two mild criticisms, I consider the legislation necessary and I am glad to support it. I do not think it would be helpful to send the bill to committee because it has been considered by the joint committee and, so far as we on this side are concerned, at this stage of the session we might just as well have third reading today.

Hon. Sidney L. Buckwold: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if Senator Buckwold speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Buckwold: Honourable senators, I am sure the remarks made by Senator Macdonald are much appreciated. The points he has raised have been discussed by the committee, as he has probably read in the proceedings. His points were certainly well taken. I believe I have given as clear an explanation of the bill as possible, and I would therefore move second reading of the bill.

Senator Flynn: Before the question is put, since the bill will not be referred to committee, may I ask Senator Buckwold a question? Clause 2 of this bill repeals subsections 11(1) to (4) and replaces them with the text in the bill which says that the board shall consist of:

—a Chairman, a Vice-Chairman, not less than three Deputy Chairmen and such other full-time members and such part-time members as the Governor in Council considers necessary to discharge the responsibilities of the Board.

Paragraph (2) says:

The members of the Board shall be appointed by the Governor in Council to hold office during good behaviour for such period.

(a) not exceeding ten years, in the case of the Chairman, the Vice-Chairman and the Deputy Chairmen, and

(b) not exceeding seven years, in the case of any member other than a member referred to in paragraph (a)—

Paragraph (2)(b), coming as it does after paragraph (1), would also refer to part-time members. I cannot see how a part-time member could be appointed for a period not exceeding ten years—or seven years as the case may be. I am aware that the part-time members work only a few days here and there. They are assigned some cases and, when they have dealt with them, their employment is discontinued until they receive another assignment. Obviously, they cannot be appointed on the same basis as full-time members.

Senator Buckwold: I must agree with the Leader of the Opposition. The part-time members are chosen from nominees submitted by the employer—the government—

and the employees—namely, the various unions. They are called on a part-time basis, as indicated by the Leader of the Opposition.

I must admit that I cannot make any fine distinctions here, except to say that this act has been operating in the same manner since its inception in 1967. In fact, the members have been part-time except for the chairman, the vice-chairman and the three deputy chairmen. I would presume, therefore, that it is merely an extension of the particular procedure. I would point out, as I did in some personal conversation with the Leader of the Opposition, that the bill before us shows only amendments and that we do not have the full act to look at, the remaining clauses of which are still operative and will carry on as originally intended.

Senator Flynn: I would just point out that the drafting may not be as clear as it should be—but that is nothing new.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Buckwold: Honourable senators, although Senator Macdonald indicated he was prepared to have third reading today, if it is your wish I am prepared to move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Senator Flynn: Unless there is some urgency for giving leave to have third reading now, we might as well wait until tomorrow.

Senator Buckwold: I move, therefore, that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

SCIENCE POLICY

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, July 17, the debate on the motion of Senator Lamontagne for the adoption of the first report of the Special Committee of the Senate on Science Policy.

Hon. Jacques Flynn: Honourable senators, I am happy to see that the government leader is present, because my problem with this report is one which concerns the Senate and the management of the Senate principally. I believe the views of the government leader will be helpful to me, and to the Senate in general.

The purpose of the report of the Science Policy Committee is twofold: first, it asks us to terminate the present mandate of the committee, which is to hold a conference on the future; and, second it asks us to give the committee a new mandate, which would be to consider and report upon Canadian government and other expenditures on scientific activity and matters related thereto.

I should like to point out that it is not easy to pass judgment on these two requests at the same time. It is quite obvious, in the light of the reasons given by Senator Lamontagne, and in the light of the comments made by

[Senator Buckwold.]

Senator Grosart and Senator Carter, that the Senate should accept the committee's request to terminate its mandate to prepare the Commission on the Future. But is it necessary that we deal at the same time with a request for a new mandate "to consider and report on Canadian government and other expenditures on scientific activities and matters related thereto"?

• (1450)

I cannot see why we should have to discuss these two questions at the same time. From a procedural point of view I would have much preferred that the report of the committee be rescinded. Then we might deal with its request to terminate its mandate, and make a decision as to whether we should give it a new mandate.

As I said with regard to the termination of its present mandate, with this I am in agreement, and I share all the views that have been expressed concerning the very beneficial efforts made by the committee in this respect. I am quite satisfied that these efforts will be useful even if, in the end, the credit for preparing this conference is attributed to some other institution, rather than those who will have done the spade work.

That is certainly a problem. But what I am particularly worried about is that this committee was set up in 1967, eight years ago, and that it is now asking us to give it a mandate which, *prima facie*, will require two or three years of additional work. This indicates to me that this committee is trying to become permanent, whether it realizes it or not. After all, a special committee which has lived for eight years and now seeks a new mandate that may allow it to carry on for another three years is becoming, to all intents and purposes, a permanent committee.

Senator Lamontagne: We never mentioned three years.

Senator Flynn: You did not have to. All one has to do is read the report to see that if you do all that you propose in the report, it will take at least that length of time.

On this subject, honourable senators, I refer you to the concluding paragraphs of the report. This is to be found at page 1173 of *Hansard* of July 10, 1975. I would like to quote the passage in question so as to be quite clear on the matter. It reads as follows:

First, we should make a survey of futures research programs being carried out within government departments and agencies and see how the Institute will develop its new area of activities. We have succeeded in making futures research a Canadian Government priority. We are under the impression, however, that government departments and agencies are developing their research effort in isolation in this area as in so many others.

I shall now go to the second of these paragraphs, but I believe honourable senators can already see that with this alone the committee would have a substantial program ahead of it.

Secondly, the committee should make a systematic review of the implementation of the recommendations contained in its report on science policy.

That is a tall order too, because, after all, this may be a continuing task, since it is quite obvious that the government will not proceed very quickly on all the recommendations in the report. It may take ten years before we are

able to assess what the government will have done concerning the 1973 recommendations made by the committee.

Thirdly, the committee should hold hearings on the Canadian science budget.

These three recommendations open the door to vast areas of activity for the committee. The specific recommendation, needless to say, appears to be very simple, since it says—and I quote from the end of the report—as follows:

The committee, therefore, recommends that it be authorized to consider and report on Canadian government and other expenditures on scientific activities and matters related thereto;

Senator Lamontagne: May I ask a question at this stage?

Senator Flynn: Most certainly.

Senator Lamontagne: Is the honourable Leader of the Opposition aware that any special committee has to come before this chamber at the beginning of each session to be reconfirmed in its mandate?

Senator Flynn: I agree with that, but once we have given the green light to a committee it is very difficult to say, "We are going to stop you." You know very well that that has been the problem with your committee in regard to the Commission on the Future. You started, and were interrupted by an election. Then you came to us and said, "Well, we have begun, and we wish to continue." You did this in 1973, and in 1974. Now you come to us in 1975 and say, "We cannot complete our work. We want to have something else to do." It would be very difficult, if we gave you this authorization, to stop you once you began. It is this very problem to which I am drawing the attention of the Senate.

Senator Lamontagne: Well, are you against it, or are you for it?

Senator Flynn: I am in favour of not having too many committees. If I were to read the motion as you would put it, I would say that this is not necessary, because we have a National Finance Committee already which has the responsibility of investigating, and is authorized to consider, the expenditures of the government. This committee could very well next year look into the expenditures of the government in connection with scientific activity and research. Now we are asked to add another committee. We are, in effect, being asked to make this a permanent

committee. You know very well that it is not easy for the Senate to deal with the number of committees it already has at this time, and it is certainly not easy for the Opposition to participate in all the activities that arise out of these committees.

It seems to me, honourable senators, that we should have a second look at this matter. I do not know why it should be necessary to decide now that we are going to give this new mandate to the committee headed by Senator Lamontagne. I think we could very well take a breather during the summer recess, and consider this when we come back in the fall.

The problem of finding staff is a legitimate one. But I do not think it is a valid argument for trying to convince the Senate that the staff should be kept on. I do not see, in fact, why we need the same staff for the proposed new mandate that has served the committee in respect of the mandates it has had up to now.

Senator Lamontagne could very well be a member of the National Finance Committee and collaborate in having that committee given the mandate that the Special Committee on Science Policy is seeking at this time.

We have too many committees already. I do not like the idea of a special committee seeking to become permanent by having one mandate in 1967, another in 1968, another in 1972, then again in 1973 and 1974.

Senator Greene: Will the honourable senator permit a question?

Senator Flynn: Certainly.

Senator Greene: I take it, from his learned discourse on the subject, that the honourable senator is telling the Senate that he does not believe in the doctrine of reincarnation. Is that a correct interpretation of his words?

Senator Flynn: I would say that it is the committee that does not believe in this doctrine, since it does not want to die. It could very well be reincarnated next fall.

I would like the government leader to tell us whether he accepts the idea that this committee, which has been going on for eight years, should be permitted to carry on for another three. We have many committees that are working well at the present time, and I think we should try to reduce their number rather than maintain, in addition to those prescribed by our rules, what are in fact permanent committees operating in the guise of special committees.

On motion of Senator Perrault, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 1243.)

FIFTH UNITED NATIONS CONGRESS ON CRIME PREVENTION

STATEMENT MADE IN HOUSE OF COMMONS ON JULY 21, 1975, BY
THE HON. ALLAN J. MACEACHEN, SECRETARY OF STATE FOR EXTERNAL AFFAIRS

I have advised the Secretary-General of the United Nations that Canada does not wish to proceed with the Fifth United Nations Congress on the Prevention of Crime and the Treatment of Offenders this year. I have sought the Secretary-General's cooperation in obtaining a postponement of the Congress and he has undertaken to study the situation in order to clarify his position. In the Government's view, this Congress cannot be held successfully anywhere this year.

Honourable members will recall that at the Fourth Congress held in Kyoto, in 1970, the Government of Canada, in consultation with the Province of Ontario, proposed that the venue of the next congress be Toronto, in September of 1975. This proposal was accepted by delegations and subsequently confirmed by the General Assembly. Since that time, however, there has been a steady deterioration of the atmosphere in which international conferences are held. I need hardly mention the discord which marred the Sixth Special Session and the last regular Session of the General Assembly, the recent conferences of the United Nations Industrial Development Organization (UNIDO) and of the International Labour Organization (ILO) as well as the International Women's Year Conference in Mexico, a few weeks ago.

Whereas a minimum of cooperation is essential to any progress in the international field, we have witnessed lately excessive confrontation on issues that were not related to the subject matter of conferences. The ingredients are well-known: racialism in Southern Africa, the Middle East conflict, producer-consumer relations and the full range of economic development problems subsumed under calls for a "New World Economic Order". Canada believes that these are very real and difficult problems which must be dealt with urgently, in the appropriate international institutions, before they poison the body politic of the United Nations family; and let there be no doubt that we consider it necessary and desirable that political factors take their proper place even in the most technical of conferences. But they must meet some test of relevance, and in recent U.N. conferences this has clearly not been the case.

Honourable members are well aware that in respect of the Toronto Congress on Crime Prevention, which was to take place next September, one of these issues had already become paramount. It arose from the resolution adopted in November 1974 by the General Assembly, with Canada dissenting, inviting the Palestinian Liberation Organization (PLO) to attend its sessions as a permanent observer and, in a similar capacity, conferences convened under the auspices of the General Assembly or other organs of the U.N. Accordingly, the Government of Canada was informed by the United Nations Secretariat some time ago

that observers from the PLO had been invited to attend the Fifth Congress on Crime Prevention and that the Canadian authorities were expected to allow entry, sojourn and exit to these participants.

Needless to say, it is with reluctance that the Government has decided to seek postponement of the Congress, but we concluded that it would not be possible, in present circumstances, to hold a successful congress on crime prevention in Canada or anywhere else.

We are all aware of the public outcry for or against the admission to Canada, for this congress, of observers from the Palestinian Liberation Organization. We have all been worried by its divisive effect upon Canadian public opinion. We could not ignore the risk of public disorders. These factors would have led any government to reconsider a decision to host an international conference. But in the final analysis, two factors dominated in our discussions. The first was the inevitable intrusion of unrelated political considerations into the proceedings of the Congress. The second was the re-escalation of violence in the Middle East and the consequent spread of its bitterness into Canada and subsequently into the Congress itself.

It is obvious that such intrusion of the Middle East conflict, by adding to the already hopeless confusion between civil crimes and acts of war, would distort and subvert the purposes of what has essentially been up to now, and should remain, a technical meeting of experts from all countries, striving to develop international co-operation in a field of vital importance to the rule of law and to public order everywhere. As host country, we felt that Canada had assumed a major responsibility for the success of this Congress; and in such an unfavourable political climate, we did not see how we would possibly carry out our responsibility. I should add that we were also concerned about the coincidence of the Congress with the Seventh Special Session of the General Assembly on Development and International Economic Cooperation, since the contentious atmosphere of one would in all likelihood seep into the other.

However, after an extensive review of the Government's domestic and international obligations, we decided to inform the Secretary-General of the United Nations that we did not want to be relieved of the responsibility for holding this Congress, but rather wished to postpone it. We did not want to withdraw our invitation to the United Nations; and we tried to avoid any steps which might have called into question our long-standing commitment to the principles of the United Nations. I emphasize that Canada's willingness to participate in and contribute to the operations of United Nations agencies remains undiminished.

The respite obtained by postponement must be effectively used by all to bring about sufficient improvement in attendant political conditions so that we may have reasonable assurances that technical conferences such as the Fifth U.N. Congress on Crime Prevention will be useful and productive. We hope that current negotiations for the reduction of tensions between some of the parties to the Middle East conflict will prove successful in coming months; and we will actively support the continuing efforts of the parties directly involved and of the United States Government toward that goal.

Furthermore, the next General Assembly of the United Nations will provide an opportunity to affirm the principle of universality, as a fulfilment of what ought to be a basic aim of the United Nations. More specifically, we will resist any attempt to exclude Israel or any other country from the proceedings of the General Assembly. Acceptance of this principle would guarantee the status of Israel within the community of nations, and thus remove one cause of instability in the area.

So that in requesting the postponement of the Congress, Canada is not shirking its responsibilities but actually taking on new ones. Through new initiatives, both bilateral and multilateral, the Government will try to improve the political situation in the Middle East and in the U.N., notably through our participation in the next session of the General Assembly, which may be crucial for the future of the organization, given the fundamental character of the issues on which debates are expected to focus. Canada will consult with other interested countries on the ground rules governing technical discussions in U.N. arenas. Either independently or in cooperation with others, we will attempt to formulate and seek support for an effective resolution in the General Assembly on this question.

I also intend to accept during the autumn outstanding invitations to visit a number of countries in the Middle East. These visits, which the Government already considered most useful for strengthening our relations with

this region of the world, have taken a new urgency following the difficulties we encountered in holding the U.N. Congress on Crime Prevention. The House can be assured that I will take this opportunity to solicit the views of my hosts on these difficulties and seek their support for the United Nations as a universal forum and an effective international instrument.

Honourable members should note that our decision to seek the postponement of the Congress, for the reasons stated, is consistent with the policy of the Government on the Middle East. We will continue to cultivate, as we have done in the past, friendly and cooperative relations with all states in the region and to attach great importance to the development of these relations. Likewise, Canada has tried in the past to maintain a balanced and objective approach to the Middle East conflict and will continue to do so. We have always supported and defended the right of the State of Israel to exist in peace with its neighbours, behind secure and recognized borders. We have stated our conviction that no peaceful and stable solution to this regional conflict can be found without the participation of the Palestinians and the just settlement of their claims. We have condemned the use of violence as a political instrument or as a means of retribution. We have participated in all U.N. peacekeeping and ceasefire supervision missions in the Middle East and contributed to the United Nations' relief operations for Palestinian refugees. We have advocated and continue to advocate the full implementation of Security Council Resolution 242. All of this therefore continues to be Government policy.

We are confident that the initiatives to be taken by Canada and other countries on the future of the United Nations and the Middle East will lead to a different atmosphere, in which the postponed Fifth United Nations Congress on the Prevention of Crime and the Treatment of Offenders can be held in Canada, at a time to be decided upon, with sufficient assurances of success. It was agreed with the Secretary-General of the United Nations that we should consult further on this question and I expect to be in touch with him later this week.

THE SENATE

Wednesday, July 23, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of correspondence exchanged between the Prime Minister of Canada and the President of the Quebec Association of Protestant School Boards, relating to a petition addressed to the Governor in Council regarding the Official Language Act of Quebec, dated February 14 and July 17, 1975.

Report on Actuarial Examination of the Royal Canadian Mounted Police (Dependants) Pension Fund as at March 31, 1974, together with Treasury Board Order, dated July 10, 1975, pursuant to sections 56(3) and 57(3) of the *Royal Canadian Mounted Police Pension Continuation Act*, Charter R-10, R.S.C., 1970.

Copies of a Report to the Canadian Egg Marketing Agency, dated July 4, 1975, entitled: "Provincial Models of the Farm-Gate Cost of Egg Production for Medium Size Producers".

THE HONOURABLE M. GRATTAN O'LEARY

FELICITATIONS ON RETURN TO CHAMBER

Senator Flynn: Honourable senators, I should like to draw to the attention of the government leader and other senators the presence in our chamber of the beloved senator from our side, Senator O'Leary.

Hon. Senators: Hear, hear!

Senator Perrault: Honourable senators, I should like to acknowledge, together with the Leader of the Opposition, the presence in the chamber of our great and good friend and colleague Senator O'Leary. It is marvelous to see him in our midst again.

Senator O'Leary: Honourable senators, I want to thank you all for your kindly welcome back here, and to say with a full heart how glad I am to be with you all again.

BUSINESS OF THE SENATE

Senator Flynn: Honourable senators, in view of the heavy program we have before us today, I should like to ask the government leader when it is expected that Parliament will adjourn for the summer recess. The mood prevailing today is rather suggestive of an adjournment. I wonder if he can let us know what the prospects are for Parliament, and for the Senate in particular.

Senator Perrault: Honourable senators, may I express the personal hope that the Leader of the Opposition is in

active consultation with his counterparts in the other chamber, and that he is providing them with his wisdom and advice on the subject of adjourning the activities of both chambers for the summer recess.

We should be in a better position tomorrow to gauge precisely when the magic moment shall arrive. As far as the government is concerned, I want to assure honourable senators that I have been advised by my friends and colleagues in the other place that they are fully prepared to remain in session as long as the public business requires them to do so. They are making plans, accordingly, to sit for an extended period of time should that be necessary.

Senator Asselin: I know the rest.

Senator Perrault: As I say, tomorrow we should be in a better position to assess exactly how this chamber should react in view of the events on the other side, and we will endeavour to provide an accurate report.

UNION OF SOVIET SOCIALIST REPUBLICS

INVITATION TO PARLIAMENT OF CANADA TO SEND DELEGATION TO RUSSIA—QUESTIONS

Senator Yuzyk: Honourable senators, I wish to direct several questions on the same topic to the Leader of the Government. I have been informed that the Government of the Union of Soviet Socialist Republics has invited the Parliament of Canada to send a parliamentary delegation to that country and that the dates have been set for September 5 to 14. I understand that the invitation was conveyed to the Speaker of the Senate and to the Speaker of the House of Commons.

(1) Could we have a copy of both invitations tabled, to be appended to the *Debates of the Senate*?

(2) What is the number of persons to be selected for the delegation, including the number of senators?

(3) Who makes the selection of the delegates and what is the criteria that is applied?

(4) If the selection has been made, could we have a list of the delegates?

● (1410)

Senator Perrault: Honourable senators, I can provide at least a partial answer to Senator Yuzyk's questions. It is my understanding that a personal invitation was extended by the Government of the Union of Soviet Socialist Republics to the Speaker of the House of Commons, the Honourable James Jerome. I further understand that the makeup of the delegation is within his complete discretion, and that he has proposed that one Progressive Conservative senator from this chamber should be a member of that delegation.

It may be more appropriate to direct any inquiries of this kind to the Honourable James Jerome, but in any case

I shall undertake to obtain answers to the questions just posed by Senator Yuzyk.

Senator Yuzyk: I would appreciate it very much.

PUBLIC SERVICE STAFF RELATIONS ACT

BILL TO AMEND—THIRD READING

Senator Buckwold moved the third reading of Bill C-70, to amend the Public Service Staff Relations Act.

Motion agreed to and bill read third time and passed.

PETRO-CANADA BILL

THIRD READING

Senator Cook moved the third reading of Bill C-8, to establish a national petroleum company.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

MARRIAGE LAW EXEMPTION (RICHARD FRITZ AND MARIANNE STRASS)—THIRD READING—DEBATE ADJOURNED

Senator Denis moved the third reading of Bill C-1001, to provide an exception from the general law relating to marriage in the case of Richard Fritz and Marianne Strass.

[Translation]

Senator Asselin: Honourable senators, before proceeding with third reading, I would like to make a few comments, and I think the sponsor of the bill could enlighten me on the government's intentions.

Of course, this is an exception bill. We know the federal government has jurisdiction over marriage and divorce. However, I am one of those who oppose those exception bills when the federal government does not intend to introduce uniform legislation throughout Canada.

Of course, I did not have the opportunity of attending the sitting of the committee after second reading of the bill, but I would have had questions to ask concerning the intentions of the government; that is to say, whether it will often introduce bills providing this type of exception.

I believe the provincial and federal governments should get together on this so that in such cases as are put to us where a niece and her uncle want to marry, the federal government should not always be the one to bring in a bill to provide an exception. The government should decide to look into the matter in depth, so that our exception is not made only for one couple. We know that the exception is made only in this case, where the couple could not get married unless the federal government authorized them to do so through a bill of this kind, but does the federal government intend to review the legislation on marriage sometime in the future, to ensure uniformity across Canada?

Perhaps the mover of the bill could answer that question.

Senator Denis: Honourable senators, I thank Senator Asselin for having brought up that interesting point. May I add that, as he so aptly pointed out, this bill provides an exception. It is a private bill which concerns only the

couple in question. If, at a later date, the government should decide to study in depth the possibility of making it applicable to all provinces, and even the province of Quebec—that is to all couples in the province of Quebec—it would be entirely free to do so.

For the time being, however, this is a private bill which applies only to Richard Fritz and Marianne Strass. I think that I must thank you on their behalf for the way you have received their application. I suppose that, speaking in your name and mine, I may wish them a very long and happy life and many children.

[English]

Senator Flynn: Honourable senators, I am sure that those wishes will become more significant when the bill receives royal assent. However, some questions were asked of me by my colleagues as to what took place in committee. Since I was present at that meeting I feel I should put on the record some facts which will be useful to the Senate and may possibly answer, in part, the questions posed by Senator Asselin.

As was outlined by the sponsor of the bill, article 126 of the Civil Code prohibits marriage between uncle and niece. Article 127 provides that the other impediments which prevailed at the time of Confederation, as provided by the various churches, will continue. It is also provided in the same article, however, that the dispensations which were granted by the various churches at that time continue to be granted. But this power of dispensation accorded to the churches would not apply in the case of prohibition of marriage between uncle and niece. Thus there was no way of dealing with the matter other than by legislation. However, the British North America Act, as Senator Asselin mentioned, provides that exclusive jurisdiction in this field of marriage and divorce rests with the federal Parliament and that the laws in existence at the time of Confederation would continue until amended or repealed by the federal Parliament. As Parliament has not proceeded in this regard, the only method by which to achieve the purpose of this bill was to present the legislation now before us, which is a bill of exception, as was said by Senator Asselin.

In committee Senator Neiman and I questioned the principle of introducing a law of exception in this particular field. However, in this case it was shown in committee that a special dispensation had been accorded by Rome. Secondly, we had a letter from a well-known doctor indicating that there was no problem with regard to consanguinity.

● (1420)

As far as this particular case is concerned, I think there is validity to the bill; but Senator Neiman, myself and others have expressed the view that something should be done by Parliament to provide for the settlement of such cases. We should not be called upon to pass a special law in every special case.

I agree that the question posed by Senator Asselin is a valid one, but I doubt that it should have been addressed to Senator Denis, who is merely the sponsor of a private bill. I would ask the government leader to discuss with his colleagues in the government whether there should not be an amendment, not to the Civil Code of Quebec but to all

laws applicable across Canada with respect to this problem, so that it can be dealt with in a more general way in the future.

Senator Perrault: Honourable senators, I give an undertaking that the proposal of the Leader of the Opposition's will be brought to the attention of the appropriate government people.

Senator Asselin: When do you expect an answer?

Senator Perrault: As the honourable senator is aware, this government attempts to work with dispatch on all matters affecting the public interest.

Senator Flynn: The Leader of the Government says that with tongue in cheek.

[Translation]

Senator Denis: Honourable senators, just a word in answer to my friend Senator Flynn about that. I must point out that the province is entitled to pass legislation amending the Civil Code.

Senator Flynn: I am afraid not.

Senator Denis: It is entitled, "To amend the Civil Code."

Senator Asselin: No.

Senator Denis: However, the British North America Act, section 129, allows the federal and provincial governments to amend and alter; it is there in so many words.

Senator Asselin: No, no.

Senator Denis: In so many words, but I do not have here—you have the—

Senator Flynn: Yes, it is on the table.

Senator Denis: —the British North America Act? I will read you section 129 which is explicit and should be even for my friend Senator Asselin.

Senator Flynn: Otherwise, he would have applied to Quebec City.

Senator Denis: When it comes to dispensations which ministers or parish priests may grant, the Code is unequivocal. As to other impediments, there are one or two more particularly, for example the family, brother and sister and, among others, the uncle and niece. But as for the other impediments, dispensation from an authorized priest is sufficient for the solemnization of the marriage.

[English]

In English, I should like to read from section 129 of the British North America Act:

Except as otherwise provided by this Act, all Laws in force in Canada, Nova Scotia, or New Brunswick at the Union, and all Courts of Civil and Criminal Jurisdiction, and all legal Commissions, Powers, and Authorities, and all Officers, Judicial, Administrative, and Ministerial, existing therein at the Union, shall continue in Ontario, Quebec, Nova Scotia, and New Brunswick respectively, as if the Union had not been made; subject nevertheless (except with respect to such as are enacted by or exist under Acts of the Parliament of Great Britain or of the Parliament of the United Kingdom of Great Britain and Ireland,) to

be repealed, abolished, or altered by the Parliament of Canada, or by the Legislature of the respective Province, according to the Authority of the Parliament or of that Legislature under this Act.

Senator Flynn: I am very sorry, but that is not the case. The honourable senator has read a section of the British North America Act which deals with all the other laws. But there is a specific provision in the British North America Act.

Senator Denis: It says "all laws" existing at the time of Confederation; and the Civil Code was in existence at the time of Confederation. There you have the answer.

Senator Flynn: I will move the adjournment of the debate in order to put on record the proper section, because I would not want the Senate to be misled by the profound knowledge of Senator Denis.

Senator Denis: May I add that I have not as much experience in the practice of law as the Leader of the Opposition, but at the same time I lost fewer cases than he did.

Some Hon. Senators: Oh, oh!

Senator Flynn: You are certainly not speaking of your law practice; you are probably speaking of your political experience. You have a record that is unparalleled, and it is one that has never ceased to amaze and puzzle me.

Senator Denis: But, I would quote une fable de La Fontaine:

On a souvent besoin d'un plus petit que soi.

On motion of Senator Flynn, debate adjourned.

CRIME AND VIOLENCE

PROPOSED SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Eudes:

That the Senate considers it desirable that a special committee of the Senate be established at an early date to inquire into and report upon crime and violence in contemporary Canadian society.—(Honourable Senator Petten).

Senator Petten: Honourable senators, I understand Senator Norrie is prepared to continue this debate.

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Norrie speak in place of Senator Petten?

Hon. Senators: Agreed.

Hon. Margaret Norrie: Honourable senators, I wish to support Senator McGrand in his desire to establish a special committee of the Senate to inquire into and report upon the possible causes of, and deterrents to, the rising rate of crime and violence in contemporary Canadian society. I think it is safe to say that the majority of people in Canada, and in the Western world, are alarmed at the shocking rise in petty and major crimes. The controversial issue of capital punishment is brought up in almost every

conversation by all types of people. It seems that the majority of people want the government to re-institute capital punishment hoping, of course, that it will be a deterrent to murder.

I want to be an abolitionist, a total abolitionist, because in my heart I abhor the thought of voting for the taking of a human life. At the same time, I want to be equally sure that I am protecting the public from dangerous criminals. I have been searching for answers to both problems. I am willing to confess that I had not found any convincing solution until quite recently. I know that the answer lies within the realm of training our children to live more unselfish and fruitful lives, instilling in them the desire to be their brother's keeper, and to make them realize that money and material things are not the chief aims in life. It is another thing altogether to find a country where this idealistic training is the way of life. Also, this type of program must be pursued in conjunction with the information I am about to present.

Two weeks ago I heard a radio broadcast on crime reform in the Netherlands. These sentences caught my attention:

There are no maximum security prisons in Holland. Few people who have committed a crime are imprisoned for longer than two years.

This week while in Ottawa I called the Netherlands Embassy for information on the Dutch penal system and the ambassador, His Excellency W. Thorn Leeson, immediately sent me several documents of great interest. Let us hope that within these documents lie some of the answers. For this service I am indeed very grateful, and I thank the ambassador for his prompt cooperation.

Before going on with the information about the penal system in the Netherlands, I would like to point out that interest in the prevention of crime dates back to 1748. Henry Fielding of Bow Street, London, was really the founder of crime prevention, but he was a century ahead of his time. Nevertheless, he set himself two gigantic tasks: first, to stamp out existing crime, and secondly, to prevent outbreaks of crime in future. He stated that to do this three things were necessary: first, a strong police force; secondly, the active cooperation of the public—what he called a body of citizen householders—and thirdly, the removal of the causes of crime and conditions in which it flourishes. These remain to this day the basic principles for the prevention of crime.

● (1430)

Mr. Fred Hudson, Director of the Crime Prevention Centre in Stafford, England, visited several countries in Europe to examine police crime prevention policies. One of the most impressive features of his tour was the striking difference which he found in the continental police approach to young people. Besides a policy of the protection of property, the continental aim has been to prevent people from becoming criminals and not merely to prevent people from committing crimes.

Crime today is a by-product, not of poverty but of increasing wealth. However, there is hope for the future. Crime prevention departments and the police must be sensitive to changes in patterns in crime, and must strive at all times to be ahead of the criminals. This prevention,

along with the wisdom shown by the Dutch penal reform system now in practice, gives us hope of keeping crime under control.

An analysis of the Dutch penal system and its workings is presented by L. H. C. Hulsman, who was born in 1923, and who is a professor of criminal law and criminology at Rotterdam's Erasmus University. He has written widely on the described changes, and proposed measures for further reform. Please note the words "further reform." They do not at any time think they have completed what they started out to do.

In 1973, *Newsweek* published an article headlining the Netherlands as a "Land without Prisons." This, of course, is too good to be true, though in that country there are substantially fewer prisons and prisoners than in any other for which statistics are available.

In the past years the Netherlands prison system has achieved one of the dearest aims of European prison administrators—it has reduced its prison population. Although the Dutch have shared in the general increase in crime which has affected all of Western Europe, the number held in prison decreased by almost a quarter between 1964 and 1970. The number in prison now is only 2,700 which, compared with the Dutch population of almost 13 million, gives a rate of 21 prisoners per 100,000. The rate for England and Wales is over 80 prisoners per 100,000 of population, while Austria has more than 100 prisoners per 100,000. Even a country like Sweden, which rightly prides itself on advanced penal policies, averages over 60 prisoners per 100,000.

The remarkable news of the Dutch experience has induced prison officials from other countries to visit the Netherlands and study the secret of this success. The main reason for the decrease of the prison population is surprisingly simple. It lies in the fact that Dutch courts are now giving shorter sentences than they were only a few years ago. This has meant that the number actually in prison at any one time has fallen off. Today, sentences of over ten years are rare, and over two-thirds of the prisoners are serving sentences of less than 12 months. But although the cause may be clear enough, the authorities are in some difficulty in trying to explain why the courts' sentencing should have changed so substantially.

Amid a welter of theories, the most likely is that many judges believe long sentences are ineffective, and feel that there is nothing to be lost by trying shorter ones. There seems to be a general mistrust of long sentences, especially in academic circles. In the Netherlands the views of criminologists seem to have some influence with the judges. Prisoners in general do not become more social after a long stay in prison! The Netherlands prison system can therefore offer the offender the space and opportunity to obtain better treatment in small groups. In some of the open prisons young men are now frequently treated in groups of only ten.

Perhaps the most useful achievement has been the refutation of the old theory that short prison sentences are by definition useless. It is certainly right to argue that many men in prison who happen to be serving short sentences should not be there. But it does not follow from this that short sentences should, therefore, be abolished.

While police and prison staff organizations in many western countries call for tougher deterrents and more modern buildings, there are now only 50 men in the Netherlands serving more than 4-year sentences. Hardly any women are imprisoned—there are only about 26 at the moment—while some prisons are being closed.

The principle of rehabilitation rather than punishment was embodied in the Prison Act passed by the Dutch Parliament in 1951, but the drastic reduction of sentences only started about 10 years thereafter. Individual approach to and treatment of detainees is stressed by the Prison Act, which provides:

While maintaining the nature of the punishment or measure, the implementation thereof shall be such as to also prepare prisoners for their return to normal life in the community.

This provision was the first assault on the traditional system in nearly all the prisons in the Netherlands.

An endeavour was made by the prison authorities to put this provision into practice by individualizing the execution of the punishment as far as possible—that is to say, by regarding the imprisonment as being imposed on a particular person with a particular background, and executing the punishment at the place that offers the best facilities to prepare him for his return to society and normal life.

This sound approach to the treatment of prisoners manifests itself, first of all, in the way in which the group leader and the officer in charge of discipline treat the prisoner in their daily contacts with him. Therefore, modern developments are directed at improving the general atmosphere of the institutions, strengthening the specialist staff, grouping the inmates into small units led by group leaders, and extending the social work carried on in the institutions. Putting into practice the new ideas about more humane and purposeful execution of punishments has also made it necessary to direct research at the way in which prisoners are treated and how they react. Policy is aimed at giving prisoners the best possible guidance during their stay.

With regard to remand in custody, it will be focused on reducing the ill-effects on prisoners of confinement and isolation from society and, further, on assuring prisoners of the best possible re-adaptation to life outside. To this end, an endeavour is made to break through the closed character of the institutions, so as to prevent prisoners from becoming alienated from the outside world.

Wherever possible, prisoners are brought into contact with normal society, and an attempt is made to make life in the institutions approximately or more closely linked with life outside. In particular, means are sought for giving prisoners a measure of responsibility, both individual and collective. To promote this, it is important that there should be good communication between prisoners and personnel, and opportunities for the prisoners to express their opinions freely. Encouragement is given to the formation of prisoners' committees for consultation with the management, on behalf of the inmates, on life in the prison, or certain aspects of it, and to other forms of free expression of opinion—for example, the production of their own news sheet.

[Senator Norrie.]

● (1440)

Besides these non-material developments, which proceed only very gradually, an attempt is being made in the material field to achieve closer approximation to normal social conditions. For instance, in remand houses the inmates are allowed to wear their ordinary clothes and, in many institutions, to keep their personal belongings, such as watches and rings.

The head of the Dutch prison department has stated on several occasions that he considers a further reduction in the number of detainees and correctional institutions to be desirable, and that he would not wish the detention system to be regarded as a resocialization agency.

There is one factor to which the comparative mildness of the Dutch criminal law procedure cannot, in any case, be attributed. Foreigners tend to account for the lack of severity with the argument that the Netherlands, unlike their own countries, is a quiet, homogeneous society. Nothing could be further from the truth. The Netherlands, perhaps more so than other nation in Western Europe, is closely involved in precisely those processes of change that in the past have led to increased penal action wherever they occurred. The population growth is high, and the age group comprising those from 15 to 24 years old, which always yields the greater number of known delinquents, is rather heavily represented—between 17 and 18 per cent of the Dutch population. Numerous refugee youngsters, helped by Dutch drug addiction institutions, are foreigners who have no faith in applying for help at home for the very reason that aid centres there are so closely connected with the penal system. That ties right in with our own drug legislation.

Honourable senators, in the issue of *The Christian Science Monitor* of July 21, 1975, there is the first part of an interesting article, which will continue in four parts altogether. Let me read you the headline, and a few paragraphs from it. The headline is: "U.S. Police: A New Image?" The article says:

Many U.S. police departments, too often isolated from the communities they serve, from each other, and from changes around them, are trying new methods. They seek to upgrade training, recruit women and minority-group officers, make better use of civilian specialists, and learn from each other. Yet improvement is still too often slowed by parochialism within departments, and by lack of community support.

In referring to neighbourhood police units, the article goes to state what their aim is:

—to take a new step in police work, by shifting police both white and black away from stereotyped images, getting them out of the isolation of their squad cars and into closer touch with the people they serve.

It states that innovations are being tried:

Albany's neighborhood police unit experiment, also being tried in other cities, is just one of many innovations tried by police departments across the United States in the past few years. It is an example of the rethinking going on among many police officials who believe that police work in the U.S. needs change as crime rates continue to spiral upward.

There is also reference to the city-wide program as it "seeks better criminal investigations through closer involvement of detectives in the neighborhoods and better teamwork between detectives and police," which is an innovation down there too. This article goes on at length, and I commend it to you for your consideration.

Honourable senators, I believe that Senator Lamontagne's proposed study by the Special Committee of the Senate on Science Policy of health care, education, social security, pollution, urban living, leisure, crime prevention and criminal rehabilitation, is highly desirable, but the fact remains that we have no indication of when the study of crime prevention and related problems will take place. Personally, I prefer Senator McGrand's proposal, and suggest that we fall in behind him and establish a special committee to study crime prevention and criminal readjustment.

Hon. F. Elsie Inman: Honourable senators, I listened with great interest to Senator McGrand's speech of May 14 last on crime and violence. He at that time presented a motion to establish a special committee to inquire into and report on crime and violence as it affects our society today. I would like to say that I support his motion, and hope that such a committee will be constituted and set to work as soon as possible when Parliament meets later this year.

Over the last 15 years, and especially from 1962 to the present time, there has been a very significant increase in the amount of violent crimes reported. One has only to read the daily newspapers to realize that crime is increasing daily. The number of murders, rapings, kidnappings, bombings, robberies and lesser crimes is appalling. Child abuse with all its horrors is increasing, and we know that these abuses affect those children as they grow to adulthood.

If and when the United Nations Congress on Crime Prevention is held, we hope it will produce some worthwhile ideas with respect to controlling the crime and violence which is all around us today. Perhaps we should take a look at other countries with older cultures than ours to see how they are faring in controlling crime. The list is long, but let us take a look at a few. I am thinking of Sweden and the United Kingdom.

To bring this into immediate focus I would mention that in last week's press there was a report of an exchange program between the police of Ottawa and the constabulary of Scotland. We know that the Scottish police do not carry firearms, and do not want to be required to do so. The laws of the land on the possession and use of firearms are so stringent that the police themselves believe that they should not be armed to enforce the law, except in extreme circumstances. If others can, and do, effectively ban the possession and use of firearms, why can't we? If the sale and use of firearms were restricted except in special cases, I feel sure there would be fewer crimes caused by these weapons.

Honourable senators, another aspect which we must consider in any examination of the causes of crime is the permeation of violence throughout our culture. It is found in professional sport. It is found in movie theatres and on television, where the most popular shows are pure violence from beginning to end. Our newspapers and newscasts daily report incidents of crime, tragedy and war. It is evident that crime is becoming one of the major problems facing our society, and if no immediate action is taken it will surely grow worse.

It would seem that, with all the many resources available in this country, we should be able to eliminate many of the underlying causes of the crime and violence with which we are plagued. I congratulate Senator McGrand for bringing the subject to the attention of this house.

On motion of Senator Carter, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 24, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

BROADCASTING

APPEARANCE OF GERDA MUNSINGER ON CBC TELEVISION PROGRAM—ANSWER TO INQUIRY—QUESTION OF PRIVILEGE

Senator Forsey: Honourable senators, I rise on a question of privilege, which I hope is in order. If it is not, I am sure our numerous experts on the rules will call me to order, and I shall "cease upon the midnight with no pain."

My question of privilege relates to the reply which was presented in this chamber on July 21 to the inquiry I made on June 10 with respect to the CBC program in which the celebrated Mrs. Munsinger took part, in which, indeed, she was the star turn. I regret to say that I find this reply, or this so-called reply, not only thoroughly unsatisfactory, but in certain respects not a reply at all. Furthermore, in certain respects I think it is contemptuous of the Senate.

First of all, in answer to the first of the questions which I raised, the answer, or what purports to be the answer, is:

It has not been customary to require the CBC to supply such details of its internal management and administration.

Well, I do not know whether it has been customary or whether it has not been customary but I do not think that that affects the right of this house to get information from a crown corporation. If it has been customary, I think it is a bad custom, and I think it is time this house asserted its rights to get information on a subject of this sort.

This applies also to one of the other so-called replies, namely, number 5. It is the same thing again, with slight variations.

It has not been customary to require the CBC to supply such details of its internal management and administration.

It is the same thing exactly.

Now, in respect to the second question which I asked, which was:

Has Mrs. Munsinger a record of criminal convictions in Canada?

The answer, or the so-called answer is:

The Royal Canadian Mounted Police are unable to answer this question, as requests for criminal records must be supported by fingerprints, otherwise no identification can be made.

This is a preposterous non-answer. I didn't ask for a criminal record; I asked if this lady, if I may dignify her by that title, had a criminal record. Surely if the question is asked, "Has so-and-so a criminal record?", it is no answer at all to reply, "We can't give you the criminal record because you don't give us the fingerprints." I have

never heard anything so preposterous in my life. It is a monumental irrelevance.

The answer to the third question is perfectly satisfactory. It is a real answer.

The answer to the fourth question—

Is it the intention of the Canadian Broadcasting Corporation to present other persons of similar qualifications on this program at public expense?

—is perfectly sublime. It is an exercise, a masterly exercise, in the art of saying nothing in elaborate words. The answer, so-called, is this:

It is the intention of the CBC to interview, from time to time, persons who have been part of the Canadian scene.

That, like something very much better, really passes all understanding. Again, of all the monumental irrelevancies! Of all the mild detonations, in this case, in a dense fog, that is about the worst.

Then we come to question number 6:

What criteria does the corporation use in selecting the people who are to appear on this program?

The answer given is:

It is the intention—

Says the so-called answer.

—of the CBC to interview, from time to time, persons who have been part of the Canadian scene.

By what stretch of the imagination can that be called a criterion, a standard by which people are selected to take part in this program or any other program? I defy anybody to find any dictionary which would justify the description of that as a criterion.

Then, of course, you have question number 7 which I have already referred to. Then you have question number 8 and you get for once a perfectly straightforward and simple answer. The question was:

Does the government consider that the presentation of Mrs. Munsinger on this program conforms with the CBC's mandate as laid down in the *Broadcasting Act*?

And the answer is, "Yes". I disapprove of the answer, but it is a perfectly good, straightforward and relevant answer. If the rest had been as good as that, I should have said, "Well, I may disapprove, but at least I know where I am." But the rest seem to me highly unsatisfactory, either irrelevant or in contempt of the Senate.

At this stage of the session I don't propose to go into the matter further, but later on, if it is possible to do so, or possibly in a new session, if the rules prevent it during this session, I think I shall raise the whole question of the responsibility, the answerability of the Canadian Broadcasting Corporation to the two Houses of Parliament. I have never been one of those who went out gunning for

the CBC; I have always been a strong supporter of the CBC. But it seems to me that the CBC cannot put itself in this arrogant fashion above Parliament. I think Parliament has the right to certain information and I reserve the right, myself, to raise this question once again, having examined, first of all, the various precedents with relation to the furnishing by crown corporations of information to either house of Parliament.

● (1410)

Hon. Senators: Hear, hear!

Senator Perrault: Honourable senators, I detect that Senator Forsey feels that the CBC has been somewhat less than forthcoming with respect to the information they have provided. I tend to agree with his position. May I suggest to him that he should exercise his opportunity, when the CBC next appears before one of the committees of the Senate, to cross-examine them carefully with respect to their policy in matters of this kind? I for one would be very interested to hear the honourable senator give a *Viewpoint* commentary after the National News some evening, setting forth for the Canadian people his view on the subject. I must agree that some of the answers are unsatisfactory.

I wish to inform honourable senators that I intend to write to the president of the Canadian Broadcasting Corporation expressing some of my own views on this subject.

Senator Forsey: Honourable senators, I can only assure the house that the suggestion offered me by the honourable Leader of the Government with regard to cross-examining these gentry or ladies, as the case may be, when they come before a committee of this house is an invitation which he did not even need to suggest. I shall be most happy to accept the suggestion, however, even if it merely anticipates what I was considering myself.

UNION OF SOVIET SOCIALIST REPUBLICS

INVITATION TO PARLIAMENT OF CANADA TO SEND DELEGATION TO RUSSIA—QUESTIONS ANSWERED

Senator Perrault: Honourable senators, yesterday I gave a partial answer to several questions asked by Senator Yuzyk regarding an invitation from the U.S.S.R. to send a delegation to the Soviet Union. I have made inquiries and wish to provide the following supplementary information and clarification:

The Government of the U.S.S.R. sent an invitation to the Speaker of the House of Commons in 1973 and, of course, the Honourable Speaker of the Senate was jointly informed of this invitation and apprised of it. The Speaker of the House of Commons was requested to select a joint Senate-House of Commons delegation. Due to intervening matters, a definite date was not arrived at until recently, when the dates of September 5 to September 16 inclusive were chosen. With regard to Senator Yuzyk's request that a copy of the invitation from the U.S.S.R. be tabled, I am informed that this is a matter which is completely within the jurisdiction of the Speaker of the House of Commons. In other words, I understand that the actual invitation as such was directed to him and any request should be directed toward His Honour.

The Honourable James Jerome, in selecting persons for the delegation, was to choose 12 persons—three members of the Senate and nine members of the House of Commons. The selection of delegates, as I indicated yesterday, was fundamentally within Mr. Speaker Jerome's complete jurisdiction.

The final selection has been completed, and the delegation will be as follows: From the Senate—Senator Petten and Senator Belisle. From the House of Commons—Honourable James Jerome, Mr. Florian Côté, Dr. Gaston Isabelle, Mr. Walter Smith, Mr. Robert Kaplan, Mr. G. W. Baldwin, Mr. S. Paproski, Mr. Walter D. Baker, Mr. Stanley Knowles and Mr. André Fortin. I have personally been invited to accompany the delegation as Leader of the Government in the Senate.

Senator Yuzyk: Honourable senators, part of one question has not been answered, namely, whether the Speaker of the Senate also received an invitation in any form.

Senator Perrault: I understand it was a joint invitation, but that one of the Speakers was assigned the ultimate responsibility of forming the delegation. It was almost like a co-chairmen situation.

Presumably there has been consultation on the matter, but the basic responsibility lies with Mr. Speaker Jerome of the House of Commons. I understand that the communication went to both Speakers.

Senator Yuzyk: I hope the Speaker of the Senate was also consulted in the selection of the delegation.

PRIVATE BILL

MARRIAGE LAW EXEMPTION (RICHARD FRITZ AND MARIANNE STRASS)—THIRD READING

The Senate resumed from yesterday the debate on the motion of Senator Denis for third reading of Bill C-1001, to provide an exception from the general law relating to marriage in the case of Richard Fritz and Marianne Strass.

● (1420)

[Translation]

Hon. Jacques Flynn: Honourable senators, rest assured, the pile of books I brought is not an indication of the length of the speech I want to make. When I lifted this weight to come down to the Senate earlier I remembered a story that happened at the Hall of Justice in Quebec City some 30 years ago or more. The hall was being renovated and someone was pushing down the corridor a cart filled with law books from the library—somebody moving, probably. A lawyer asked what was happening. He was told it was a lawyer known for his great knowledge of procedure who was going down to plead a simple routine case in practice division.

Once again, rest assured, it may not be a simple matter of procedure I want to raise but at a given point yesterday Senator Denis stirred up or gave rise to the problem when he said on page 1252 of *Hansard*:

—just a word in answer to my friend Senator Flynn about that. I must point out that the province is entitled to pass legislation amending the Civil Code.

If that statement by Senator Denis had to be taken to the letter I would agree. But in the context it had to be

construed as the right to legislate in the area of marriage and divorce, and I fully disagree with that proposal.

Senator Denis: I agree with you.

Senator Flynn: Especially as when he introduced the bill on July 21—last Monday—Senator Denis stated quite clearly that he thought Parliament had exclusive jurisdiction in that area. So, in my opinion at least, he seemed to contradict himself yesterday.

Senator Denis: I rise on a point of order. I believe there is a misunderstanding. I was misunderstood when I said—and I think the honourable senator understands me—that the Quebec Legislative Assembly could amend its Code; generally that is true. Unfortunately, the Leader of the Opposition did not mention that he was referring to marriage. Of course, in that context, I should have known he was speaking only of that. We therefore agree. I apologize if he understood that the Quebec government could modify any and all federal laws.

Senator Flynn: That having been said, I suppose I could resume my seat, except that Senator Denis said that I misunderstood him. I doubt that I did, because until then we had spoken of nothing other than the provisions of the Civil Code dealing with marriage. And so, what led me to adjourn the debate, what worried me, was that I did not want *Hansard* to indicate that we were doing things here that fall within the jurisdiction of the Quebec National Assembly. Had that been the case, I should by far have preferred that the National Assembly deal with it. In any event, I do not accept that there should exist parallel or overlapping jurisdictions in the matter. If the National Assembly could do it, Mr. Fritz and Miss Strass would not have had to come to us.

That is the point I wanted to make very briefly by underlining the chain of events. As has been said, already section 91, subsection 26, of the British North America Act gives exclusive jurisdiction to Parliament over marriages and divorces. Section 129, which was well quoted by Senator Denis yesterday, but which he did not seem to interpret correctly, in my opinion, stipulates that acts in effect at the time of confederation, whether they were passed in Lower or Upper Canada, continued to be in force, but that if in the future these acts came under federal jurisdiction, only Parliament could amend or modify them. Therefore, the National Assembly no longer had jurisdiction as concerns the provisions of the Civil Code governing marriage. At the time, divorce was not even mentioned in the Civil Code.

For this reason, as Senator Denis said, even though he seemed to deny it yesterday, it was therefore necessary for the petitioners to come to us instead of the National Assembly of Quebec.

This is why I am going over this issue. I would like to say that the federal Parliament—I said that it had never dealt with this provision, but I was wrong—the federal Parliament, as I said, legislated in matters of marriage. The first time was in 1882 when it solved the problem of interdiction of marriage between brothers-in-law and sisters-in-law and vice versa by saying that a man or a woman could marry his sister-in-law or her brother-in-law if the brother or sister were dead. That was the first amendment.

[Senator Flynn.]

● (1430)

The second amendment was made in 1932 in Chapter 10 of the Statutes for that year. The prohibition of marriage between uncle and niece and between aunt and nephew was changed by removing the impediment in cases where the person creating the relationship had died. I might add that such is not the case for the beneficiaries of the bill. Therefore, they are still subject to the prohibition in the 1867 Civil Code which remained unchanged until recently. Originally, Section 126 of the Code read as follows:

Marriage is also prohibited between uncle and niece, aunt and nephew.

With this act of 1932, now Chapter M-5 of the Revised Statutes of 1970, and previously Chapter 176 of the 1952 Statutes, Parliament changed that rule. I believe that for the sake of clarity, I should refer to it, and I quote:

A marriage is not invalid merely because the man is a brother of a deceased husband of the woman, or a son of a brother or sister of a deceased husband of the woman.

As I said, this amendment did not cover the petitioners' problem, the parties interested in this special and exceptional bill.

Parliament also legislated in the field of marriage when it passed, in 1967/68, the Divorce Act. Certain minor amendments were brought to the Marriage Act which I just referred to.

The provisions of the Civil Code dealing with marriage were not amended by the National Assembly, except in 1969. I therefore wonder how the National Assembly could amend such provisions in the Civil Code. Because by enacting chapter 74 of the 1969 Statutes, the National Assembly amended section 125 and section 126 which are involved here. However, after reading carefully both amendments and the text of those sections as they stand in the present act, I came to the conclusion that the National Assembly had not really legislated in those matters, that it had only drafted that section so as to make it consistent with the provisions of the federal legislation of 1932. I therefore think it is clear that the problem of those who are concerned by this bill could only be solved by way of federal legislation.

However, an important point, which I and Senator Neiman raised in committee, is that the best way to solve problems of that kind in such particular instances would be by means of an amendment made to the legislation relating to marriage by the federal Parliament. I hope that will be done eventually, and we will no longer have to be confronted by such complex problems in the future.

I said yesterday that, when I went to the committee, I had forgotten almost everything I had learned in university, since, unlike Senator Dennis, I did not have the opportunity to practise in that highly specialized area. However, see he has also forgotten some bits and pieces.

So, to make the official report of the Senate debates and the decision of the Senate clear, to have them rely on unequivocal bases, I wanted to make the matter quite clear.

Senator Denis: Honourable senators, I have little to add to the remarks of the Leader of the Opposition. We agree on every point, and on top of that, thanks to the adjourn-

ment of the debate, we have cleared up the matter of the jurisdiction of the Province of Quebec with respect to amending its Civil Code.

Senator Asselin: Agreed.

Senator Denis: You were under the impression that the question merely related to marriage, and I was under the impression that it related to the Civil Code in general. So we are perfectly agreed.

I agree that the federal Parliament should carry out a deeper study in order to know whether there is any possibility of amendments. In any event, you received the Leader of the Government's assurance, as reported on page 1252 of the *Debates of the Senate*:

... I give an undertaking that the proposal of the Leader of the Opposition will be brought to the attention of the appropriate government people.

Never have we been more in agreement, except if Senator Asselin asks me whether it is the government's intention to keep on presenting such bills, I shall simply say that it is not the government which presents private bills, and this is just a private bill.

Senator Asselin: It is the government which amends laws.

Senator Denis: The government amends laws, but through votes taken both in the House of Commons and the Senate.

[English]

Motion agreed to and bill read third time and passed.

SCIENCE POLICY

FIRST REPORT OF SPECIAL SENATE COMMITTEE ADOPTED

The Senate resumed from Tuesday, July 22, the debate on the motion of Senator Lamontagne for the adoption of the first report of the Special Committee of the Senate on Science Policy.

Hon. Raymond J. Perrault: Honourable senators, the other day the Honourable Leader of the Opposition asked me whether I accepted the idea that the Special Senate Committee on Science Policy should have its mandate renewed so that it could investigate three specific areas outlined in that committee's report presented in this chamber by the Honourable Senator Maurice Lamontagne on July 10 of this year.

I believe that the question to be answered is not whether honourable senators want more committees nor whether more money must be spent in order to allow a committee to carry out its terms of reference. With respect, I believe the issue to which we must turn our minds is whether we want this particular Special Committee on Science Policy to continue.

In its initial stage, certain goals were discussed and then accepted by the Senate. Our distinguished colleagues, Senator Grosart, Senator Carter and Senator Lamontagne, have spoken of the real accomplishments of this committee and, I believe, the attainment of goals that the committee had set out for itself.

Senator Flynn is rightly concerned about a proliferation of committees that might be a drain on the finite amount

of time and energy that senators can devote to committee work, specially in view of the accelerated schedule of activities for the Senate in recent weeks and months. As in all areas, we must assign, as a deliberative body, a set of priorities. The extremely worthwhile work done by this committee, and the further specific areas it wishes to explore are, I submit, very worthy of consideration by all of us.

Senator Flynn was concerned that, should we approve the request of the committee, we would be confirming its mandate for a period of perhaps another three years. May I suggest that honourable senators consider setting a time limit—for example, 18 or 24 months, or some period of that kind—within which the special committee would be instructed to report on its three specific areas of investigation.

As its distinguished chairman has rightly pointed out, a special committee has to come before this chamber at the beginning of each session to have its mandate reconfirmed. At that time the house would be quite in order to ask for an interim progress report, giving the expected date of final reporting, keeping in mind the target date originally set by the Senate.

One may say that a special committee might ask for several extensions in order to meet its goals, but with a time being established for an interim and a final report—a procedure which is followed in other areas of inquiry—the Senate would be kept up to date on the work of the special committee.

To those senators who feel that certain restrictions would be put on their activities should this suggestion be adopted by the Senate, as to interim and final reporting times, I think it is well for all of us to follow the example set by the Government of Canada in its budgetary responsibilities outlined in the budget speech and in measures announced by the Minister of Finance on June 23. As Mr. Turner said at that time, it is the intention of the government—and it should be the intention of the Senate of Canada as a legislative body—to bring expenditures under more effective control and to slow their rate of growth this year and in the future.

● (1440)

Honourable senators, I feel that I reflect the view generally held in this chamber when I commend to you the first report of the Special Committee of the Senate on Science Policy. I would ask you to consider carefully both its request to study three specific areas, and the suggestion which I have advanced as to the time within which those areas can be investigated and reported on to the Senate and the people of Canada.

Hon. Maurice Lamontagne: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Lamontagne speaks now, his speech will have the effect of closing the debate.

Senator Lamontagne: Honourable senators, there appear to be no other participants in this debate, and I wish to add just a few closing remarks.

First, I should like to say to those who are worried about the future of this chamber and its survival that, in spite of its important legislative role, the Senate will not receive

the public support it needs unless it maintains its present dynamic and active committees, charged with the responsibility of investigating and monitoring important areas of public policy. That has been a vital role of the Senate, and I hope we continue to carry it out as efficiently as we have in the past.

The second point I should like to make is that over the years since coming to the Senate I have been most impressed by the work done by all of our committees. I do not hesitate to say that that work has been done with more devotion, more efficiency and at far less cost than is the case with respect to similar activities undertaken by other investigatory bodies, including royal commissions and committees of the other place. In my opinion that general observation applies to all committees, including the Special Committee of the Senate on Science Policy.

However, some honourable senators have expressed concern about the budget of our committee over recent years. I should like to assure them at once that there is nothing secret about our expenditures. As is the case with all other committees, we have faithfully followed the rules of this house. Our successive budgets have been submitted and approved by the Internal Economy Committee, and our annual expenditures have been tabled at the beginning of each session, as the rules of the Senate require.

Perhaps there are those who wonder whether the expenditures of the committee have been exaggerated. In answer to any such suggestion, let me say that since November 1967 the committee's outlays have amounted to approximately \$950,000. By way of comparison, let me give you the expenditures of the Science Council of Canada, which carries out more or less similar activities as an advisory body to the government, but which had, in my view, less impact on government policy than we have had over the years. The Science Council's annual budget for the fiscal year 1976 is more than \$2.1 million.

Senator Hicks: Did you say \$2.1 million?

Senator Lamontagne: Yes, \$2.1 million. In other words, it will be spending in one year, the current fiscal year, more than twice as much as the Science Policy Committee has spent over a period of seven years.

● (1450)

Out of our total expenditures, about \$350,000 was devoted to the printing of our proceedings and reports. We have, of course, no control over these amounts, but the 12,000 pages of evidence that we have published represent the most detailed information that exists in Canada on the subject. Moreover, according to rough estimates, the sale of our publications by Information Canada has brought in almost \$100,000, which unfortunately does not appear in our accounts. Apart from these printing costs we have spent, therefore, on the average, about \$72,000 a year.

These figures show, in my view at least, that while the committee has done most useful work, it has sought to keep its expenditures to a minimum, and has succeeded.

I hope that this information will satisfy those honourable senators who may have been concerned about our operations. If the present report is adopted I would expect that our public hearings on our new terms of reference will begin early in November, but before this new operation starts a good deal of follow-up and preparatory work will have to be done.

First, we will have to finalize our document, entitled "Managing the Future," as I mentioned the other day, and prepare the French version of it, before it can be printed, published and distributed.

Secondly, we will have to communicate with the people on the list we had started to develop in preparation for the conference, informing them of our decision not to hold this meeting, and telling them to communicate with the Institute for Research on Public Policy which will continue our activities in the area of futures studies and information.

Thirdly, we will have to communicate with government departments and agencies as soon as possible, asking them to appear before us later in the fall, and informing them of the subjects we will expect them to cover in their presentations.

This means that in the next three months we shall be fairly busy with these three specific tasks, in addition to gathering as much information as we can on the recommendations contained in our report, *A Science Policy for Canada*, which have not been accepted, and also on those which have been accepted and implemented. We have a good deal of useful work ahead of us for a year or so, but not a longer period than that if I can help it.

When this work is completed, and especially in view of the experience we will have accumulated in this new watch-dog role, the Senate will then be in a position to decide whether it should continue its interest in this field. If it decides in the affirmative, it will have to determine whether this responsibility should be assigned to an existing standing committee or to a new one—but this is not for us to decide today.

I again urge the adoption of this report.

Motion agreed to and report adopted.

Senator Perrault: I move that the Senate do now adjourn.

Senator Flynn: You do not expect any news before 2 o'clock tomorrow?

Senator Perrault: We have received an encouraging report from the other place.

Senator Flynn: The honourable Leader of the Government is easily encouraged.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Friday, July 25, 1975

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRIVATE BILL

ALLIANCE SECURITY & INVESTIGATION, LTD.—COMMONS AMENDMENT CONCURRED IN

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons returning Bill S-26, respecting Alliance Security & Investigation, Ltd., and acquainting the Senate that they have passed this bill with the following amendment, to which they desire the concurrence of the Senate:

Clause 3: Renumber the present subclause (2) as subclause (3).

Add immediately after line 5, on page 2, the following new subclause:

"(2) The Company shall not carry on any business until after it has applied for and has been granted a certificate by the Minister of Consumer and Corporate Affairs to the effect that its name is not confusingly similar to that of another company incorporated or carrying on business in Canada."

Honourable senators, when shall this amendment be taken into consideration?

Senator Flynn: Now, or at the next sitting, as the Senate wishes.

Senator Langlois: Why not now?

Senator Flynn: With leave, I move that the amendment be taken into consideration now.

The Hon. the Speaker: Is there unanimous consent, honourable senators?

Hon. Senators: Agreed.

Senator Flynn: Honourable senators, I do not know if I need add a word of explanation. This amendment was moved in the committee of the other place on the suggestion of the Department of Justice. It is agreeable to the petitioners and counsel for the company. I am not too sure that it means much. It is certainly not controversial. It simply provides that the company will revive when the department is sure that the name is not confusing and does not resemble any other name. However, the fact is that the company was incorporated under that name and I suppose it is desired that the second company, which was incorporated to succeed the first, should abandon its charter before the company is revived. It is a technical point and I am not convinced that it was necessary to introduce this amendment. At any rate, since it will satisfy the Department of Justice, we have no objection.

Motion agreed to and amendment concurred in.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of agreements made under the *Agricultural Products Co-operative Marketing Act* for the fiscal year ended March 31, 1975, pursuant to section 7 of the said Act, Chapter A-6, R.S.C., 1970.

Report on operations under the *Regional Development Incentives Act* for the month of March, 1975, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

INTERNAL ECONOMY

COMMITTEE ON SCIENCE POLICY—BUDGET TABLED

Senator Langlois, Acting Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the budget presented to it by the Chairman of the Special Senate Committee on Science Policy with respect to its consideration of Canadian government and other expenditures on scientific activities and matters related thereto, as authorized by the Senate on July 24, 1975.

NATIONAL CAPITAL REGION

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Robichaud be substituted for that of the Honourable Senator McElman on the list of senators serving on the Special Joint Committee on the National Capital Region; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, I move, seconded by Senator Perrault, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Wednesday, July 30, 1975, at 11 o'clock in the forenoon.

Senator Perrault: Honourable senators, before the question is put, may I make a statement on the current situation? It was expected that by 2 o'clock this afternoon, or no later than 3 o'clock, we would have had notice from the other place that approval had been given to Bill C-66.

However, I am sure you are well aware of the fact that a serious matter of personal privilege has been raised in the other place with respect to one of its members. There is now a motion under debate to refer this matter of privilege, which has been the subject of much discussion, to the Committee on Privileges and Elections. I have been informed that this development will effectively prevent the other place from dealing with Bill C-66 this afternoon. The fact is that we have been waiting for this measure for some days, and the time of its ultimate disposition will determine when we are able to adjourn for the summer recess.

The motion before us would have the Senate reassemble on Wednesday next at 11 o'clock in the morning, but it does not rule out the possibility of telegrams being sent to honourable senators should it be found necessary to meet before that time, or if the business in the other place is completed before then. Eleven o'clock on Wednesday morning appears to be a realistic time, certainly in view of the information we have at this time.

Senator Flynn: Did the government leader say 11 o'clock in the morning?

Senator Langlois: Yes.

Senator Flynn: Honourable senators, I am quite sure the Leader of the Government in the Senate will not be surprised to hear me say that what we are doing here now could and should have been done yesterday.

Senator Perrault: The motion had not been presented yesterday.

Senator Flynn: I know.

Senator Perrault: The aggrieved party in the other place, on his own initiative, has moved the referral motion in the other place. This is an action that was beyond any prior knowledge of the government.

Senator Flynn: I know the motion was not put yesterday, but it was suggested by me that we should come back next week.

I am aware that the other place is having problems as a result of a matter of privilege raised by a parliamentary secretary. That may well have disrupted their timetable, but I am not too sure that the same situation would not have arisen without it. I would say that if we were adjourning until later today, and the bill were to arrive at 4 o'clock, the Senate would be under pressure to debate it in an hour.

Senator Perrault: Not at all.

Senator Flynn: Certainly. The Senate cannot properly discharge its duties when it is faced with a deadline, or with the threat of sitting on a Saturday, when the other place has already adjourned and is waiting on us for royal assent. The Senate cannot properly discharge its responsibilities in such circumstances. The atmosphere is not conducive to doing so.

I seize this opportunity to tell the government leader, and the Senate generally—more practically the majority, but not only the majority in this house—that unless we adopt an attitude of autonomy with regard to the discharge of the business of the Senate, we will never cease to be confronted with situations of this sort.

[Senator Perrault.]

We are sitting today for no good and valid reason. We should not be here. We have sat here five days this week, yet what we have done could have been done in one day had we wanted. I consider this subservient attitude that we are given to adopting in our relationship with the other place totally demeaning. When it is only a matter of adjournment and not of prorogation, the Senate should go about its business in the ordinary way, uninfluenced by the whim and fancy of the other place.

● (1410)

I would not know what to do with regard to Bill C-66 were it to come to us at 4 o'clock this afternoon. Dealing with it today, or dealing with it tomorrow, would have amounted to the same thing. We might just as well take an hour today, or even go so far as to go through it without any debate, rather than stretch it into tomorrow merely to appear to have done something about it.

I hope that the Leader of the Government will remember this episode, and that in future we will not revert to that obsequious attitude to which the former leader was so prone, an attitude which required us to sit here at the beck and call of the other place. The Senate is an independent body. It is not up to the government leader in the other place to tell us when we should sit. I do not mind agreeing to extraordinary sittings occasionally so that those senators who are here all the time can get home. But, for God's sake, if being here serves no purpose at all, I, for one, would rather go home and come back when there is something useful to do.

The dignity of the Senate requires that we should deal with the matters presented to us in due course, in the regular established way. If the Leader of the Government had accepted my suggestion yesterday, we would have adjourned until Tuesday or Wednesday next. We would not be sitting here now with nothing to do. We have nothing to do today; we had practically nothing to do yesterday. We are made to appear as though we are sitting around waiting to rubber-stamp any legislation that comes over from the other place just so that we can go home for the summer. And that's a crying shame. Again, I say that we are demeaning the Senate by adopting this servile attitude.

Senator Perrault: Honourable senators, I am not about to accept the lecture which has just been given us by the Leader of the Opposition. It seems to me that the public good and the people of Canada are the paramount concerns of this chamber, and should be the paramount concerns of the other place.

Senator Flynn: Be realistic.

Senator Perrault: To suggest that it is not necessary for the two Houses of Parliament to cooperate in advancing the public good is to state something quite beyond any parliamentary tradition of which I have knowledge. I can understand the chagrin of the Leader of the Opposition who may have made personal plans for this weekend—

Senator Flynn: Not at all.

Senator Perrault: —but I want to assure him that when an important measure is before Parliament, one of the responsibilities of this chamber is to make sure that the measure is dealt with expeditiously, fairly and efficiently,

and with due consideration. There has never been any suggestion from this side of the chamber that Bill C-66 should be dealt with in one hour. That may have been the practice of the Leader of the Opposition when he occupied a post of responsibility as a member of another government. I assure him, however, that it would have been the intention of the government to have given fair and full consideration to Bill C-66 had it come to this chamber this afternoon, and to meet this evening, if necessary, and tomorrow, if necessary, so that royal assent could be given on Monday. To suggest that somehow there is an inclination on this side of the chamber for the Senate to be a rubber stamp, that we are prepared to give blind approval to any measure which comes to us from the other place, is totally at variance with the facts and traditions of this government.

I want to remind the honourable the Leader of the Opposition that, when he occupied a post of responsibility as a member of another government, there was the same kind of cooperation between this chamber and the other place which today he has brought under attack. I resent the suggestion that this body is nothing more than the rubber stamp of those occupying positions in the other place. I also remind him that those who have caused this delay in the public business are his own associates and colleagues in the other place who have made grave inferences and innuendoes about a parliamentary secretary, who is now in the process of initiating action to defend his honour, and doing it very well.

Senator Flynn: Honourable senators, I knew that by attacking the government I would elicit from the Leader of the Government yet another display of exaggeration and partisanship. But this time he has really outdone himself. When he refers to me as having taken a subservient attitude when I was in the other place, he does not know what he is talking about.

Senator Prowse: It puts him on all fours with you, then.

Senator Flynn: The government leader has a reputation for verbal blunders, and he has lived up to that reputation here today. He has accused me of seeking an adjournment yesterday to next week because that would have better suited my personal schedule. That is entirely untrue. But since he has referred to the matter, I will repeat what I said to the leader privately, and that is that the business of the Senate must be dealt with in an objective manner. I stated very clearly that we should never take into account personal problems. I have not had to change any personal plans, and I am willing to come back at any time. But what I am trying to get through to the Leader of the Government is that it is undignified for the Senate to be here waiting, and placing itself in a position in which, like it or not, it would have to rubber-stamp legislation. The Senate should never place itself in that position. And that is what the leader would have been doing if he had kept the Senate here until four o'clock, and the bill had come to us. We would have had the choice of either dealing with it quickly or not at all. That would have been the situation.

Honourable senators, we could and should have adjourned until next Tuesday or Wednesday. That is what I told the Leader of the Government yesterday. We could deal with the bill next Tuesday, Wednesday and Thursday, if necessary, but not under pressure of royal assent and

the adjournment of the other place. There have been prior occasions, before the present Leader of the Government came to us, when we have been forced to work under a deadline. It was unfair then for the Senate to have to work under those conditions, and it remains so today.

I am not attacking the present government especially, nor am I saying there should not be cooperation between the two houses. I am merely saying that the Senate should not be forced to work under a deadline. It should be allowed to work in a manner compatible with its obligations and its responsibilities.

Does anybody seriously believe we can work properly on a Saturday in July when everybody is away, and when we cannot have royal assent because the other house is adjourned? Do you think we can work as we could in normal circumstances? Is that the view of the Leader of the Government? I doubt it. I do not think it is the view of the Senate generally. All I am saying is, let us show objectivity and self-respect. The Senate is independent of the House of Commons and should accomplish its work as it deems proper; not at the direction of any other body or under the threat of an adjournment of the other place, or under any other sort of duress.

Senator Perrault: I do not intend to prolong this discussion. Ever since Confederation there has been the closest cooperation—

Senator Flynn: There still is.

Senator Perrault: —between the other place and this chamber when it comes to adjournments and prorogations. The honourable senator is aware of that fact. That happens to be an historical fact under our parliamentary system, and it is a feature of other similar parliamentary systems.

Senator Flynn: No.

Senator Perrault: That happens to be a fact. If we cannot have that cooperation—

Senator Flynn: You will have it. You have always had it.

Senator Perrault: If we are unwilling to cooperate, we are not an effective and viable entity in our parliamentary system of government. The idea that somehow there is an inclination by anyone here to be a "rubber stamp" for the other chamber, to "rush through legislation," is totally false, and we should not give any kind of credence to that suggestion. We on this side have done a great deal of prior study of Bill C-66. We are totally prepared to deal with it and give it adequate consideration in the eventuality of a debate, whether or not this debate takes place this evening or next week. I only hope that members of the Opposition as well have done some prior preparation so that they can give full and careful consideration to this measure when it does come here.

• (1420)

Senator Grosart: We have been ready for a week.

Senator Perrault: I can understand that. But the suggestion of the Leader of the Opposition that somehow there is an effort or inclination by the government to rush this legislation blindly through this house is a suggestion

which could create a totally false impression of this chamber for the people of Canada.

Senator Flynn: Would the Leader of the Government say we would have time to send this bill to a committee?

Senator Perrault: If honourable senators had decided that the matter should have gone to a committee, there would have been time for it to have gone to a committee. There would have been time to have done a great deal of public business before this weekend.

Senator Flynn: There would have been no inclination.

Senator Perrault: Why not?

Motion agreed to.

OIL EXPORT TAX

QUESTION

Senator Grosart: Honourable senators, I direct the following questions to the Leader of the Government:

(1) Was there a reduction in the export tax on oil to the United States or elsewhere, made on or about June 3, 1975?

(2) If so, what was the average reduction per barrel?

(3) What would be the loss to federal revenues on an annual basis, and what would be the effect of such loss, if there were such loss, on the subsidy payments by the federal government for the purpose of the equalization of the consumer price of oil?

Senator Perrault: Honourable senators, because of the detailed nature of the inquiry, I would like to take it as notice. I shall certainly endeavour to have the reply for the next sitting.

The Senate adjourned until Wednesday, July 30, at 11 a.m.

THE SENATE

Wednesday, July 30, 1975

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

EXCISE TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-66, to amend the Excise Tax Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Macnaughton: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be now read the second time.

Senator Flynn: Honourable senators, before leave is granted I suggest that the bill be placed as the first item on the Orders of the Day so that I and other senators who may wish to do so may ask questions of the Leader of the Government.

Senator Perrault: I have no objection.

Hon. Senators: Agreed.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Cape Breton Development Corporation, including its financial statements and Auditors' Report, for the fiscal year ended March 31, 1975, pursuant to section 33 of the Cape Breton Development Corporation Act, Chapter C-13, R.S.C., 1970.

Report of the National Harbours Board, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1974, pursuant to section 32 of the National Harbours Board Act, Chapter N-8, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of Fourth Report of the Advisory Group of Executive Compensation in the Public Service, dated April, 1975.

Copies of Agreement between the International Atomic Energy Agency and the Government of the Republic of Argentina for the Application of Safeguards to the Embalse Power Reactor Facility. (English text).

Statement showing Classification of Deposit Liabilities Payable in Canadian Currency of the Chartered Banks of Canada as at April 30, 1975, pursuant to section 119(1) of the Bank Act, Chapter B-1, R.S.C., 1970.

Report of Canadian Overseas Telecommunication Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 16 of the Canadian Overseas Telecommunication Corporation Act, Chapter C-11, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

BUSINESS OF THE SENATE

Senator Flynn: Honourable senators, may I ask the Leader of the Government if Bill C-66 is the last piece of legislation likely to come to us before the summer—or late summer—adjournment?

Senator Perrault: Honourable senators, unless there are startling unforeseen developments in the other chamber today, this will be the final piece of legislation to come before us before the summer adjournment.

Senator Flynn: Would the leader tell us if it is the intention of the other place to adjourn today?

Senator Perrault: It is my understanding that an adjournment motion will be made in the other place around 2 or 3 o'clock this afternoon, and it is hoped to have royal assent late this afternoon if the Government and Opposition members of the Senate can find an area of agreement on the measure we are about to debate.

Senator Flynn: The members of the House of Commons are willing to remain for royal assent sometime today? They have agreed to that?

Senator Perrault: It is my understanding that there will be a sufficient number of their members to permit royal assent at approximately 5.45 this afternoon.

OIL EXPORT TAX

QUESTION ANSWERED

Senator Perrault: Honourable senators, I have a reply to the question asked by Senator Grosart on Friday last, July 25. Senator Grosart's question was as follows:

(1) Was there a reduction in the export tax on oil to the United States or elsewhere, made on or about June 3, 1975?

(2) If so, what was the average reduction per barrel?

(3) What would be the loss to federal revenues on an annual basis, and what would be the effect of such loss, if there were such loss, on the subsidy payments by the federal government for the purpose of the equalization of the consumer price of oil?

In response to Senator Grosart's question, I should like to offer the following reply: The export charge on crude oil was reduced in June 1975 by 80 cents per barrel for light crudes, by 50 cents per barrel for condensates, and by 20 cents per barrel for heavy crude oils. The export charge for light and heavy crude oils had been increased by 30 cents per barrel in March 1975.

This high level of export charge resulted in reduced export volumes and decreased export charge revenues. Export volumes in May were only 59 per cent of the January levels. It is estimated that the reduction in the export charge in June resulted in restoring to a reasonable degree the export volumes and, hence, the export charge revenue that prevailed earlier.

Although the National Energy Board sets maximum export levels, presently at 750,000 barrels per day for the second half of 1975, it cannot be assured that exporters will take the full amount. Hence, it is not possible to calculate the anticipated revenue from export charge for the full calendar year.

Honourable senators, there are two tables with this answer, listing the unit export tax or charge on petroleum from October 1973 to August 1975, and the export charge revenue on crude oil from April 1974 to June 1975. May I suggest that these tables be printed in the *Debates of the Senate* so as to complete my answer.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The tables follow)

Export Charge Revenue on Crude Oil

| Year | Exporting Month | Barrels ('000) | Revenue (\$'000) | \$ Average/Barrel |
|------|-----------------|----------------|------------------|-------------------|
| 1974 | April | 30,668 | 122,673 | 4.00 |
| | May | 31,633 | 126,532 | 4.00 |
| | June | 23,723 | 123,283 | 5.20 |
| | July | 25,238 | 131,236 | 5.20 |
| | August | 26,386 | 137,206 | 5.20 |
| | September | 26,525 | 137,931 | 5.20 |
| | October | 26,618 | 138,414 | 5.20 |
| | November | 25,666 | 133,308 | 5.20 |
| | December | 28,085 | 142,963 | 5.09 |
| 1975 | January | 25,179 | 128,217 | 5.09 |
| | February | 20,816 | 106,617 | 5.12 |
| | March | 20,162 | 108,118 | 5.36 |
| | April | 17,170 | 92,020 | 5.36 |
| | May | 14,943 | 80,232 | 5.37 |
| | June (estimate) | 22,200 | 102,120 | 4.60 |

Source: National Energy Board

Export Tax or Charge on Petroleum

| \$/Barrels | Crude Oil & Equivalent | | | | Products | | |
|--------------|------------------------|------------|--------------------------|------------------------------|----------|------|------|
| | Light | Condensate | Heavy Crude Lloydminster | Heavy Crude Other Designated | H.F.O. | M.D. | M.G. |
| October 1973 | 0.40 | 0.40 | 0.40 | 0.40 | | | |
| November | 0.40 | 0.40 | 0.40 | 0.40 | | | |
| December | 1.90 | 1.90 | 1.90 | 1.90 | | | |
| January 1974 | 2.20 | 2.20 | 2.20 | 2.20 | | | |
| February | 6.40 | 6.40 | 6.40 | 6.40 | | | |
| March | 6.40 | 6.40 | 6.40 | 6.40 | | | |
| April | 4.00 | 4.00 | 4.00 | 4.00 | | | |
| May | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| June | 5.20 | 5.20 | 5.20 | 5.20 | 4.00 | 4.00 | 4.00 |
| July | 5.20 | 5.20 | 5.20 | 5.20 | 4.00 | 4.00 | 4.00 |
| August | 5.20 | 5.20 | 5.20 | 5.20 | 4.00 | 4.00 | 4.00 |
| September | 5.20 | 5.20 | 5.20 | 5.20 | 2.00 | 2.00 | 1.50 |
| October | 5.20 | 5.20 | 5.20 | 5.20 | 2.00 | 2.00 | 1.50 |
| November | 5.20 | 5.20 | 5.20 | 5.20 | 2.00 | 2.00 | 1.50 |
| December | 5.20 | 5.20 | 4.10 | 4.70 | 2.00 | 2.00 | 1.50 |
| January 1975 | 5.20 | 5.20 | 4.10 | 4.70 | 2.00 | 2.00 | 1.50 |
| February | 5.20 | 5.20 | 4.10 | 4.70 | 2.75 | 2.00 | 1.50 |
| March | 5.50 | 5.20 | 4.40 | 5.00 | 2.75 | 2.00 | 1.50 |
| April | 5.50 | 5.20 | 4.40 | 5.00 | 2.75 | 2.00 | 1.50 |
| May | 5.50 | 5.20 | 4.40 | 5.00 | 2.75 | 2.00 | 1.50 |
| June | 4.70 | 4.70 | 4.20 | 4.20 | 3.00 | 3.50 | 3.50 |
| July | 4.70* | 4.70* | 4.20* | 4.20* | 3.00 | 4.00 | 4.25 |
| August | 3.20 | 3.20 | 2.70 | | | | |
| September | | | | | | | |
| October | | | | | | | |
| November | | | | | | | |
| December | | | | | | | |

*Subject to adjustment after review by NEB

[Senator Perrault.]

EXCISE TAX ACT

BILL TO AMEND—SECOND READING

Hon. Alan A. Macnaughton moved the second reading of Bill C-66, to amend the Excise Tax Act.

He said: Honourable senators, it will come as no surprise when I say that there has been considerable discussion on this bill in the other place and in the press. Many explanations have been given. Two amendments were made to the bill in the other place, and I will try to explain them in detail later on. In preparing my remarks I have endeavoured to deal not so much with the technicalities of the bill but with the reasoning behind its introduction at this time.

As honourable senators realize, tax bills have a tendency to be complicated, and Bill C-66 is certainly no exception. I thought the most useful approach to take would be to summarize the principal features of the bill and provide the background information concerning the dimensions of the bill.

● (1110)

To give a quick resumé, the principal feature of the bill concerns the special excise tax on gasoline. Provision is also made to increase the air transportation tax. In addition, the bill provides for important reductions in the special excise tax on gasoline and the removal of federal sales tax from insulation building materials. The new amendments, which I will refer to later on, also in general help the physically handicapped. The proposed changes contained in the bill, especially those dealing with the special excise tax on gasoline of ten cents per gallon, implement major government policies in the areas of oil and gas pricing and energy conservation.

The most significant provision of the bill concerns the introduction of the special excise tax of ten cents a gallon on gasoline for personal use. This tax will be imposed on manufacturers and importers of gasoline, but will be refunded on gasoline for virtually all uses other than personal use. For example, the tax imposed on gasoline used for farming, fishing, construction, transportation and other commercial or business purposes will be refunded, as will the tax on gasoline used by governments, hospitals and most welfare organizations.

It should be emphasized that the special excise tax on gasoline is necessary. It is necessary for two major reasons: first, to help offset the cost of financing the oil import compensation program, in light of decreasing revenues from the oil export charge resulting from a decline in our oil exports; and, secondly, to encourage energy conservation.

I am sure honourable senators will appreciate that the proposed special excise tax on gasoline, in conjunction with the recent increase in the price of crude oil, will result in a significant increase in the price of a gallon of gasoline. However, public reaction to these changes since the budget indicate that the Canadian people are prepared to accept the fact that the government has little alternative but to take action now in order to minimize future disruptions in the Canadian economy.

It must be emphasized that, even with the significant increase in the price of gasoline which will result from the proposed special excise tax, the retail price of a gallon of gas in Canada will continue to remain far below prices prevailing in overseas countries. In addition, it should be noted that the government is continuing to hold the price of energy in Canada for other purposes well below international levels.

Since the introduction of the special excise tax of ten cents a gallon on gasoline several questions have been raised concerning administrative problems that may arise in providing refunds to specified users of gasoline. I assure the Senate that the Minister of National Revenue has taken the necessary steps to make certain that the refund procedures will be administered in an efficient manner. It is expected that between 750,000 and one million persons will be entitled to claim refund of the gasoline tax because of the use of their vehicles for business or other exempt purposes.

Principally, the new excise tax on gasoline used for commercial purposes in trucks, buses, taxis, construction equipment, manufacturing equipment, and mining and forestry equipment, and that used by farmers, commercial fishermen, hunters and trappers in the course of farming, commercial fishing, hunting and trapping activities, will be refunded on stocks. The tax will also be refunded to registered charitable organizations, hospitals, municipalities and school boards, and federal and provincial government departments and agencies when the gasoline is used in their vehicles and equipment. Clergymen, medical doctors, lawyers, commercial travellers, businessmen, taxicab owners, truckers, self-employed professional persons, farmers and fishermen will be allowed to take advantage of the refunding provisions, and obtain a tax refund on gasoline purchased and used for commercial or business purposes.

In addition, the amendment which I call amendment number one, gives authority to the government to include other individuals who would qualify for refund of the 10-cent special excise tax, such as physically handicapped persons. Perhaps this is the time to refer to that amendment.

Bill C-66 incorporates two new amendments unanimously passed in the other place after, I admit, considerable debate. The first amendment, which I am discussing now, relates to line 36 on page 2, and it brings the bill into conformity with the ways and means motion tabled at the time of the June 23 budget. Honourable senators may recall that the Speaker of the House of Commons ruled that the bill was not in conformity with the ways and means motion, and ordered that the offending lines be deleted and the bill reprinted.

I assume that the honourable Leader of the Opposition has a copy of that amendment. As far as I know, it was sent to him this morning.

Senator Flynn: I did not get it.

Senator Macnaughton: Then I am glad to give it to him now, and I regret the omission.

In a situation where an eligible person, as set out in the bill, drove an automobile 20,000 miles per year of which only 12,000 miles, or 60 per cent, were for commercial or business purposes, that person, if he had purchased 1,250 gallons of gasoline, would have paid a total of \$125 in gasoline tax and would be entitled to a refund of \$75—that is, 60 per cent of \$125.

Generally, then, those persons exempt from income tax under the provisions of Part I of the Income Tax Act will be allowed to claim refunds, as well as other persons who use their vehicles in the conduct of their business as detailed in the proposed section 47(1) of the Excise Tax Act. Since no refund of the gasoline excise tax is permitted in respect of personal use, Revenue Canada will not refund the tax for mileage which an employee may travel from his home to his place of work, and for which his employer pays. This is comparable to the expenses of personal travel from home to place of employment. Furthermore, a lawyer, doctor or business person using a car to travel from his home to his place of business would similarly be unable to claim a refund of the gasoline tax for that travel.

As the general sales tax and other excise taxes do not apply to exported goods, the new excise tax does not apply to gasoline exported or used by manufacturers or producers directly in manufacturing or production processes. To ensure that people, such as taxi owners, who purchase large quantities of gasoline are not required to wait an extended period of time to obtain a tax refund, Revenue Canada will accept claims of amounts of \$200 or more once a month. Claims of less than \$200 will be accepted twice yearly, covering the periods January 1 to June 30, and July 1 to December 31. This arrangement has a two-fold effect. It ensures that larger claims are processed and paid promptly, and, secondly, does not require an undue addition to costs and resources which might be necessary if small claims were processed more frequently. The first claims for amounts of \$200 or more may be submitted as soon as claim forms are available, and claims for less than \$200 may be submitted on or after December 31.

Since the majority of people will file claims twice per year, and others with larger claims more frequently, the government expects to receive somewhere in the vicinity of three million claims each year and expects to refund more than \$170 million annually. To handle this volume, appropriate measures and resources must be put into place, so that the claims may be handled as quickly as possible. A special computer program is now being developed to handle the processing of claims and payment of refunds expeditiously.

It has also been recognized that the more simple the refund form, the better. Revenue Canada has therefore designed a refund form to make it as easy as possible for people to obtain their refunds quickly, and still provide minimum information for compliance purposes.

● (1120)

Revenue Canada will not normally ask a person to send in his gasoline invoices but will accept a declaration that the information given is accurate, although the person will be required to keep on hand documentary evidence of purchase and use. Refund forms will be available in all

[Senator Macnaughton.]

excise offices, customs offices and post offices across the country shortly after Labour Day.

It is important that anyone who uses gasoline for commercial purposes maintains a careful record of his gasoline purchases, particularly gasoline used for business, to enable him to file his claims as soon as possible. Inquiries concerning the refunding procedures can now be directed to any of the local excise offices across Canada.

I am sure we are confident that our present excise organization and the existing data centre in Ottawa—which, as you know, has the reputation of being one of the most efficient in the world—will be able to handle the processing of gasoline tax refunding claims without undue difficulty and in a prompt and efficient fashion. This will be done at an estimated cost of about 1 per cent of the revenue generated by the new gasoline tax.

Comments have also been made that the proposed special excise tax on gasoline will be regressive. It is true the lower-income automobile owners spend a higher proportion of their income on gasoline than do upper-income automobile owners. In this limited sense the tax may be characterized as regressive. However, because a lower proportion of lower income people own automobiles, the tax is also, therefore, a lower burden on lower income classes taken as a whole, as opposed to higher income classes. I suppose one could thus argue that the excise tax on gasoline may be mildly progressive.

Several questions have been raised concerning the impact of the special excise tax on those who must drive their automobiles to their places of business, either because they have no other transportation available or, possibly, because they are handicapped. As honourable senators are aware, the special excise tax on gasoline is designed to discourage gasoline consumption when an automobile is used for personal rather than business uses. Under the terms of the tax, personal use includes using an automobile to travel to work. In this respect the special excise tax parallels the provisions of the Income Tax Act, which does not allow the deduction of expenses incurred in order to travel from one's home to one's place of business. While it is recognized that in some cases it may cause hardship, a policy of non-deductibility appears to be the most appropriate policy from both an administrative and an equity point of view.

The bill also proposes increases in the air transportation tax. These increases are necessary to offset heavy deficits in airport construction and operation, and they reflect the general policy that those who benefit most directly from facilities provided by the government should help to pay for them.

In addition, the bill provides for the removal of the remaining 5 per cent sales tax on building insulating materials. This measure will affect all purchases of insulating materials as well as storm windows and doors.

The bill also provides for important reductions in the special excise tax on wines. This measure was felt necessary to assist the domestic wine and grape growing industry, which has experienced a significant decline in recent months.

Perhaps I might also take a moment or two to comment on the discussion paper on federal sales and excise taxa-

tion, tabled with the June 23 budget. The tabling of the discussion paper formally invites or initiates the commodity tax review program. The paper comments on major problems with the present federal sales tax and it evaluates a number of alternatives for improving the sales tax. Although the discussion paper points out that shifting the federal sales tax from the manufacturing to the wholesale level would provide improvement, it should be emphasized that the government is not committed to this course of action but welcomes comments from the public on all aspects of commodity taxation.

In a first short summary, may I say that the budget emphasizes that inflation, recession and energy are the three issues facing Canadians and are such that no single approach can solve all of them.

The special excise tax on gasoline proposed in Bill C-66 is a necessary step to ensure that Canada will continue to be sheltered from a harsh, one-step adjustment to the forces of the world market for energy supplies. I should also like to emphasize that refund claims in respect of the special excise tax on gasoline cannot be paid by the government until such time as the necessary legislation is passed and becomes law.

I have also prepared some general comments in trying to anticipate questions which senators might have in mind, and also to avoid too long a discussion, if that is possible.

In my opening remarks in respect of Bill C-66, I observed that the proposed levy on gasoline for personal consumption had become a matter of pressing financial necessity. In recent months the gap between the cost of the subsidies resulting from the single oil price policy and the revenues from the export charge has widened considerably. In large measure this reflects the fact that our oil exports are now running some 20 per cent less than the rate in the last fiscal year. Although, as I have indicated, it is difficult to be precise about numbers, the deficit on the conservation program could amount to between \$400 million and \$600 million. It could, of course, be very much larger, were world oil prices raised further in the future. A special excise tax on gasoline was conceived as an appropriate means of offsetting a substantial part of this deficit.

Some people have taken exception to the use of the special excise tax on gasoline as a vehicle to finance the deficit resulting from the single oil price policy. Well, given the necessity, as explained in the budget speech, of avoiding any further increase in the overall level of cash requirements, the obvious alternatives to this particular measure would be a further reduction in federal expenditures or increases in other taxes. As the budget speech has already called for a reduction in public expenditures of \$1 billion, I am sure that all senators will appreciate the difficulty of finding further reductions of approximately one-half billion dollars which would not be intolerably disruptive to surviving programs. For example, the proposal to discontinue Information Canada would provide approximately one-fiftieth of the necessary amount. With respect to alternative tax increases, it would of course be possible to increase income tax or the general sales tax. None of these possible increases, however, would have contributed in any significant way to the very important objective of energy conservation. The government has chosen, therefore, a measure which is focussed upon that

energy usage—the personal consumption of gasoline—where the potential for conservation is greatest. I appreciate that this measure has been criticized as being regressive, and I discussed this a moment ago. As I said, it is true that lower-income automobile owners spend a higher proportion of their income on gasoline than do upper-income automobile owners, and in this limited sense the tax may be called regressive. However, a lower proportion of low-income people own automobiles. The tax therefore results in a lower burden on lower income classes taken as a whole, as opposed to high income classes. It may thus, in fact, be mildly progressive. This becomes all the more evident when it is recalled that all of the revenue from this tax will be passed on to consumers in the form of reduced prices for petroleum products including some heating oil.

● (1130)

Questions have been raised concerning the impact of the special excise tax on those who must drive in their automobiles to their place of business because no other transportation is available. As honourable members opposite are aware, the special excise tax on gasoline is designed to discourage gasoline consumption when an automobile is used for personal rather than business use. Under the terms of the tax, personal use includes using an automobile to get to work.

In this respect the special excise tax parallels the provisions of the Income Tax Act which do not allow the deduction of expenses incurred in getting from one's home to one's place of business. This rule of non-deductibility in the Income Tax Act has been a fundamental principle of that act for decades. It must be recognized that every person who works must get from his place of residence to his place of business. To allow a deduction of the expense of getting to work would give a tax subsidy to those who choose to drive rather than use public transportation, to those who choose to live far from their place of work, and to those who choose to drive a large automobile rather than a small one. Given that every worker has the expense of getting to work, it has always been recognized that the disallowance of these expenses is the most equitable way of dealing with the considerable disparities in the expenses incurred.

This is undoubtedly more equitable than permitting a deduction which would vary appreciably as between taxpayers, and offsetting the substantial revenue loss by a general tax increase. It is hoped that taxpayers will, to some degree, change their habits with regard to getting to work. Because of this tax, car pools and public transportation should now be much more attractive alternatives to driving alone.

It goes without saying that there will be cases in which there may be some hardship. Unfortunately, there is no equitable way of coping with these situations which would be administratively feasible. If the government were to allow a rebate of the special excise tax, it would be difficult for Revenue Canada to ensure that the claimant actually utilized his car for getting to work. Somebody or, more likely, a large group of people would have to be employed doing nothing else but determining whether public transportation is available from a particular residence to a particular place of work. To give a blanket

exemption to anyone making a claim would be to defeat the whole energy-conservation purpose of this special excise tax.

Honourable senators, I should like to make a few observations on the administration of the special excise tax. With respect to refunds, some may say that the provision to refund the 10-cent special excise tax on gasoline will create severe administrative problems and high compliance costs. Undoubtedly, there will be an increase in both staff and administrative cost in the issuance of refunds of the tax to specified users of gasoline. However, the taxation division of the Department of National Revenue has responded quickly and positively in the past to the great many changes in the income tax law, some of which resulted in refunds of personal income tax to taxpayers. Similarly, the excise branch has considerable expertise in receiving, reviewing and processing a significant quantity of claims for refunds of federal sales taxes and customs duties. We should have every confidence that Revenue Canada will perform equally well in its handling of the administrative load generated by the refunding requirements of this bill. If the collection of revenue under the Income Tax Act is any example, I do not believe we have much to fear.

As to costs, the best estimate at this time is that the cost of administration, including the receiving of claims, reviewing them, issuing cheques to the claimants and the implementation of a post-audit procedure, will be in the range of 1 per cent of the revenue involved. This is comparable to the cost of administering the personal income tax, which is approximately 1.2 per cent of revenues generated by that levy.

Questions may also be asked as to why a refunding procedure was established rather than providing for a direct exemption for users from the special excise tax. Any attempt to provide an exemption from the special excise tax as opposed to a refund would result in serious problems of administration and control. This is because the special excise tax is paid when the manufacturer or producer of gasoline sells the gasoline. At the time the tax is payable, refiners, in most instances, do not know when the gasoline will be re-sold or whether the user will be a person entitled to the exemption.

Honourable senators, the second amendment, if I may call it that, is to be found on page 2, beginning at line 45. It gives authority to the government to provide for exemption from the 10-cent a gallon special excise tax as well as refunds. By way of explanation of the second amendment which was carried unanimously by the other house, the Minister of Finance said:

Last week in the course of the debate on this bill representations were received from these four members in particular—

He was speaking of certain members of the Opposition.

—and other members, that the bill be amended to provide an exemption for bulk purchasers of gasoline and also for users of marked gasoline, which is what is referred to in the amendment. At that time, I pointed out that there were some fundamental problems in tying the federal taxing statute to provincial legislation since this could be tantamount to a delegation of

the taxing authority of Parliament to provincial legislatures... I did undertake, however, that I was prepared to look for ways to streamline the operation of the bill.

In this context, the government is prepared to amend Bill C-66 in such a way as to provide legislative authority to exempt certain purchasers of gasoline where this is administratively feasible. I must emphasize, however, that it is not certain that it will, indeed, prove to be feasible to provide an exemption in all of those instances suggested by the honourable member. However, I would like to assure the House that the government will do everything in its power to simplify the administration of the gas tax rebate system.

The introduction of a direct exemption for users would shift the administrative burden from users to some 80,000 retailers. Also, the potential for direct control, by way of audit of refund claims to assure that the gasoline was used in a manner which qualified for exemption, would be lost. However, the government reviewed its position after debate and moved what I refer to as the second amendment, in connection with which I was just speaking.

Honourable senators, I would like to take this opportunity to remove the uncertainty concerning the income tax status of the refunds on the special excise tax on gasoline. In particular, I want to correct the mistaken impression that these rebates are taxable. As far as income tax is concerned, there are two possible procedures, depending on the status of the taxpayer. First, the gasoline expenditures may be claimed on a net basis—that is, after subtracting the amount of rebates from the total deductible expenditures on gasoline. If that is done, it is the end of the matter. If, on the other hand, the gasoline expenditures are claimed on a gross basis—that is, before deducting the rebates—the rebates would have to be taken into income for income tax purposes. This is necessary to avoid, in effect, giving the rebate twice—once as a direct rebate payment, and, secondly, as a deduction for income tax purposes.

Perhaps an example will make this clear. A person may have spent \$1,000 on gasoline for business purposes. It may be that \$120 of that is attributable to the excise tax, which amount would be refunded directly. The net expense on gasoline would thus be \$880, which amount may be claimed for income tax purposes. If the taxpayer actually claimed a deduction of \$1,000, then the deduction would be \$120 more than his total expense. To offset this, he would have to include as taxable income that refund of \$120. The final result is the same in both cases.

● (1140)

Honourable senators, it has been asserted that passage of Bill C-66 is not necessary for payment of the refunds to commence; that rebates could be mailed out now, under a section of the Financial Administration Act. I would point out that the Financial Administration Act cannot be used in this instance. The relevant section of the act is section 17. A remission under this section may be made only in the case of a tax as defined by subsection 17(10). By that subsection, taxes are limited to those payable to Her Majesty and imposed or authorized to be imposed by act of Parliament. Until such time as Bill C-66 is enacted into law, there is no special excise tax on gasoline imposed or

authorized to be so imposed. While, in accordance with well-established tradition, the amount is collectible from the time of the tabling of the ways and means motion, there is in law no tax imposed until the law is enacted.

Why, honourable senators may ask, is there a need to increase the air transportation tax? As mentioned in the budget speech, this increase is essential to help lessen the heavy deficit in airport construction and operation. For example, the total air transportation program had an operating deficit—operating costs less revenue—of just over \$200 million in 1974-75. This deficit is for airports, air traffic services and en-route navigation aids. It does not reflect, however, any portion of capital costs. For airports only, the loss on operations for the year 1973-74 was \$105 million. This loss does reflect full costs, including depreciation, and the loss for 1974-75 is likely to be significantly higher. Furthermore, the public accounts for 1973-74, at page 26.16, show a net income for the airports revolving fund of \$6.4 million. With the opening of Mirabel airport this year, this net income will disappear.

For the current fiscal year, the revenue from the air transportation tax, prior to the increase announced for August 1, 1975, was estimated at \$37 million. The additional revenue resulting from the tax increases effective August 1, 1975 is expected to be \$16 million. This revenue is necessary to offset costs for both "revolving fund" airports and all other airports.

Some may argue that the excise tax on gasoline is fiscally restrictive. No single tax or expenditure change should be viewed in isolation from the overall effects of the budget. It seems to me that the role of the excise tax is most usefully seen as that of one element in a broadly neutral overall budgetary package, the element that provides an energy conservation effect and that deals with the immediate financial problem associated with the maintenance of a single national oil price.

There are, no doubt, other questions that honourable senators would like to raise. I shall do my best, with my limited knowledge of the matter, to answer them. In the light of this rather long and attenuated explanation, I would urge all honourable senators to give consideration to the speedy passage of Bill C-66.

Senator Flynn: Why?

Hon. Allister Grosart: Honourable senators, the sponsor of the bill has just asked us to give speedy passage to this legislation. Perhaps we will, but I am sure all of us would agree that we greet it here at long last with a sigh of relief, not merely because it appears to be the harbinger of a long delayed recess—which, of course, will be welcomed—but more importantly, perhaps, because it will give this chamber, Parliament, and the public of Canada some temporary relief from this long series of crisis to crisis pieces of legislation, *ad hoc* legislation, gap-filling legislation, the result of a budget which itself is an attempt only to fill a gap, and probably the most contorted set of policy decisions this country has had in many years.

I said "crisis to crisis." The Leader of the Government, in answering the question I asked the other day, made it very clear why we are faced with this legislation, why the government has decided, in the words of the minister, that

this financial crisis has to be borne by—let me quote the minister's words exactly. He said:

—the users of petroleum for their own personal use, across Canada should be called on to bear the financial burden of implementing the national policy of a single Canadian oil price.

The crisis started, as the answer to my question indicated, a long time ago. Why do we need the money? The Minister of Finance said he suddenly finds he needs three-quarters of a billion dollars. One of the reasons, and the main reason, is that the policy that was announced at the time of the budget—I refer to the policy in the previous budget—has fallen flat on its face.

The Leader of the Government gave us the increase. There was an increase in the excise tax, the purpose of which was, of course, to equalize consumer gas prices across Canada. This was a stupid decision, obviously, because instead of yielding more money, the revenue from that export of oil to the United States fell off; and now we are faced with a situation in which individual consumers, for personal use, are forced to pay for this outrageous error in policy on the part of the government. That is all it can be called, because subsequently, as the Leader of the Government told me in his answer, the government found it necessary to cut the price at the time it had a policy of restricting the export of gas to the United States, and, as the Leader of the Government has admitted, it could not sell as much of its own quota. This is the kind of policy mess that the users of gasoline for personal purposes are now going to be asked to clear up.

The sponsor of the bill said he anticipates some questions. I wish he had given us some answers instead of the old threadbare excuses. Had he given the answers, I would not have to talk for very long this morning.

Senator Greene: That would be a blessing.

Senator Grosart: Senator Greene said, "That would be a blessing." It would be a blessing to us, and particularly a blessing to the government of whose party he is a distinguished member. Of course it would be a blessing, because the sponsor of the bill said it was hoped that discussion would be avoided. I do not blame him. Were I a member of the party opposite, or a member of the government, I would want to avoid discussion on this bill more than anything else. I will indicate why as I go along.

Senator Prowse: Would the honourable senator permit a question?

Senator Grosart: Yes.

Senator Prowse: I was little confused a moment ago—not an unusual thing. The honourable senator used the words "gas" and "gasoline." I take it he used the two terms interchangeably, and was not referring to natural gas when he used the word "gas"—or was he?

Senator Grosart: I am using the word in the vernacular that is normally taken to cover this whole field. I am referring to crude oil, gas, natural gas and gasoline. I am sure no honourable senator is in any way confused when I use the word "gas," particularly Senator Prowse, who is an expert in this field and will be able quite easily to sort out the detailed meanings and applications in his mind. I am sure he is not confused. He suggested that I might be. That

is always possible. He said that this sometimes happens to me. I admit it. He would not suggest that he has never been confused. If he finds me confused, I hope he will not hesitate to correct me as I go along.

The minister's statement about this pressing financial necessity was rather interesting. This proposed levy on gasoline for personal consumption, he said—and I repeat, “for personal consumption”—“has become a matter of pressing financial necessity if we are to preserve the national policy approved by all provincial governments, all parties in the House,” and so on. Well, I need hardly say that this particular bill was not approved by any provincial government, nor by a majority of the parties in the other place. As a matter of fact, it was opposed—bitterly opposed—by Members of Parliament representing a majority of Canadians.

● (1150)

As for the approval of the provincial governments, I wonder if we could imagine a more absurd option to be chosen by this government for that purpose than the field of gasoline taxation. This field has traditionally been a main source of revenue for the provinces to meet one of their major responsibilities which, of course, is the building of roads. The federal government has chosen to enter this field—not the whole field, but the particular field of the user of gasoline for personal purposes.

We have heard from the sponsor of the bill the usual excuses as to why this tax is imposed on gasoline for personal use. He said—and I was amused by his statement—that this is a taxation measure that is regressive “in a limited way,” and the other phrase he used was “mildly progressive.”

Senator Flynn: It is a mild admission.

Senator Grosart: It is amazing that anybody in these days could talk about a tax being regressive in a limited way. It is either regressive or it is not; it either goes back or it does not go back. Of course, this is a classic example of the worst kind of regressive legislation. Why? Because it bears most heavily on those least able to pay. There can be no question about that.

As the sponsor of the bill admitted, the largest users of automobiles for personal purposes are those in low income sector of the economy. These are the people who are now being picked on by the government to get it out of a mess of its own making. The automobile is a necessity for the majority of Canadians today. It is not a luxury.

The estimated cost of this bill, along with other government policies arising from the June budget—that is, the five-cent tax and this tax, as well as the additional cost of home-heating fuels—amounts to about \$200 per year per worker. This is from a government that has been boasting for some years about the number of low income people it has been able to take off the income tax roll! Well, by this measure it has put a few million back on the tax roll for something like \$200 a year. Why? Again, to get it out of its own mess.

It is incredible that the Minister of Finance would say that there is no other option. Of course there are other options. The sponsor of the bill—jokingly, I think—referred to the possible abolition of Information Canada, but in a much lower voice he said, “or, of course, there

could be further cuts in government spending.” Of course there could be further cuts in government expenditures. He spoke of the \$1 billion cutback. That is a joke. Many of the items which are components of that \$1 billion cutback are not in the main estimates. They were expenditures that some minister thought he might make, and was told not to. Anyone who wants to look them up in Mr. Chrétien's complete list will see what a joke that \$1 billion cutback is. It is a \$1 billion step back, then a \$2 billion step forward. It reminds me of a definition of a politician's dance I saw in a magazine the other day—two steps forward, one back, and then a side step. That is exactly what we have in this bill.

This bill amounts to rationing by price. We are told that one of the purposes is the conservation of gasoline. For that reason, we have rationing by price, which has long been known as the worst way to enter into government rationing. Rationing by price is inequitable; it is unfair. It falls on those who cannot afford the price; those who cannot afford the extra \$200 a year. And the sponsor of the bill says that this is regressive in a limited way! If he can show me in what way it is even mildly progressive, I should be delighted.

He spoke of the exemptions. Of course, there are exemptions. There are exemptions for the people who can afford to pay the extra ten cents a gallon. Through this measure, the personal user of gasoline is asked to subsidize commercial and industrial users. He is asked to subsidize the professional man who is going to charge it up anyway. It is going to be an income tax exemption, as somebody has pointed out. If you are sick and your doctor says, “Well, come on down to my office,” you say, “No way, you come and see me, because if I go to your office I have to pay for the gasoline, whereas if you come to see me the cost is deductible, and you are exempt from the tax.” That is an example of how absurd this thing is.

Senator Bélisle: It is the second phase of the just society.

Senator Grosart: I am told that one of the federal ministers was down to the Maritimes where he made a speech attempting to defend or justify this bill. He told those good people in the Maritimes that the purpose of this bill is to maintain a uniform price; that it is the federal subsidy for the use of gasoline so that they would only have to pay the same price as everybody across Canada. Somebody at the back of the hall said, “That's fine, but if it is a subsidy to me, why am I paying it?” And that is exactly it. Of course, he is paying the ten cents a gallon to subsidize himself—and he is supposed to thank the federal government for this kind of subsidy, this kind of relief.

One of the traditional roles of the Senate has been that of concern for provincial rights, concern for minorities. In fact, we are organized, as we all know, on a regional and a provincial basis. This bill provides a glorious opportunity for this chamber, for once, to fulfill that important role. It provides us with an opportunity to ask, “Why penalize regions? Why penalize the provinces?”

This tax will bear more heavily on gasoline users in already depressed areas of Canada. There is no question about that. There are several reasons for that, one being that it is the people in those regions who drive farthest to work every day. The sponsor of the bill said, “If people

choose to live a long way from their work, it would be inequitable to give them any relief." Well, who chooses today to live a long way from work? Why do people live as far from work as they do? The answer, of course, is in the complete breakdown of the housing policy of this government. More and more people are being driven out 25 or 30 miles from their work, and the sponsor, echoing, I am sure, the views of the government and the Minister of Finance, says that it would be inequitable to provide any relief for them. As a matter of fact, those who have swimming pools can heat them with oil which is exempt from the tax.

The sponsor of the bill has told us that the bill was amended in the other place to give the Governor in Council the right, if he wishes, to include other parties. He did not tell us why. The reason it was included was that in this badly drafted, badly conceived bill nobody even thought of the handicapped, the people who drive their own automobiles, specially built cars; nobody thought of them. They thought of the doctors, the lawyers and the salesmen, but nobody thought of the handicapped. That is the real reason why this amendment was forced on the government in the other place.

● (1200)

Among the other characteristics of this bill is, of course, the fact that it is highly inflationary. Does anybody doubt for one moment that workers who are now faced with this additional cost of living—it is estimated that this measure will add two points to the consumer price index—are not going to ask for higher wages to meet it? Of course they will. This is the government headed by a prime minister who said not very long ago, "We are going to wrestle inflation to the ground." They have wrestled it up to the skies with other measures, and they are still wrestling it up with this one.

The government made a great deal of the principle of the one-price gasoline system. This was the purpose, the great thought, behind the use of the export subsidy tax, to equalize the price of gasoline, other than some transportation costs, across the country. We now have the government coming to us with a two-price system. We have a two-price gasoline system based, not on a one-price system throughout all regions, but a two-price system based on class, based on how you use your automobile and how much money you have. Out the window goes the great one-price system.

I will deal finally, if I may, with the conservation argument. I cannot think of anything that makes the reasoning behind this bill sillier than for anybody in the government to say that this increase of ten cents per gallon will conserve energy in Canada. The fact of the matter is that over the years, between 1971 and 1975, the basic price, the wellhead price, of gasoline went up from \$2.50 a barrel to \$6.50 a barrel, a very substantial rise; a much greater rise, of course, than this ten cents. Did that conserve the use of gasoline? No. In that period the use of gasoline went up by 12 per cent. The increase from \$2.50 to \$6.50 a barrel increased the use, yet we are here told piously that one of the purposes of this measure is to conserve the use of gasoline.

Honourable senators, I have dealt with only a few of the absurdities in this bill. The sponsor spent some time saying that the rebate system would work. Well, he is

optimistic. So is the minister. Mr. Basford spent an hour trying to prove, in a long speech, that it would work, and all he proved to me was that it would not work. It is said that it will cost one per cent. That one per cent assumes the existing establishment, the existing cost. We all know that it will cost far more than one per cent. It will add, of course, to the federal bureaucracy, which is a policy of this government that we are getting quite used to.

The sponsor has dealt with the question of the rebate being taxable or non-taxable as income. What he did not deal with, of course, was the obvious fact that the price of gasoline is not going up ten cents; it is going up 12 cents, 13 cents. In fact, taking all the budget bills into consideration, it is said that it is going up 18 cents. The rebate will not be on 18 cents; the rebate, where there is one, will be on five cents. It is just nonsense to say that this extra tax will not itself be a tax on tax.

Honourable senators, I say this bill was ill-conceived. It was so badly drafted that the Speaker in the other place had to send it back to be reprinted. This is the kind of efficiency we are faced with from a government that insists that those who are least able to pay should get the government out of its own mess; they are the people who are being asked to pay.

Hon. Jacques Flynn: Honourable senators, I waited before rising because I was convinced that some member of the Liberal Party in this place would want to follow Senator Grosart, if not to criticize the bill at least to defend it. I could not bring myself to believe that the wish expressed by Senator Macnaughton that we limit discussion and give the bill speedy passage was meant as an order to senators supporting the government not to take part in this debate.

I do not think the Senate should take long to pass this legislation—certainly not as long as it took the House of Commons. However, to have only one member of the government side speak on the bill—and Senator Macnaughton really didn't support it; he didn't appear very convinced, and certainly he wasn't convincing—is going a bit too far. It is my hope that the Leader of the Government, since I am attacking the government now, will take the bait, as he usually does, and come to the rescue of the government with his big voice and strong arguments. Apparently I am tempting him without any success.

Senator Grosart: He will rise.

Senator Flynn: So you think he will rise to the occasion?

Senator Grosart: To the bait.

Senator Flynn: He usually rises to the bait. Last week I successfully attacked him and he got a little wicked.

In any event, it is obvious that this legislation is typical, as was mentioned by my colleague Senator Grosart, of the confusion that exists in the mind of the government. The government does not know where it is going. It is pursuing contrary objectives, trying to head off in all directions at the same time. Of course, the Minister of Finance was caught with a promise he made last May to bring down a budget. He did it at a time when it appeared that it might be useful to have a budget. But when the time came for him to fulfill his promise the situation had changed so

much that he did not know what to do. So, he brought in a budget which has only added to the confusion.

It is interesting to see what is in this budget. It removes the sales tax on insulation materials. I do not know if that is intended to save energy or to help the building industry. The government has long been urged to remove the sales tax on building materials if it wants to really encourage the construction of houses in Canada. But all we have here is a timid half-hearted attempt at helping, the effect of which is not entirely clear.

In addition, we now return to the previous level of the tax on wines. Why? Because the minister realized he had made a mistake in the previous budget when he increased the tax on wines. As was mentioned by Senator Grosart, one step ahead, two steps backward.

● (1210)

Senator Grosart: Stay home and drink wine.

Senator Flynn: Now I come to this infamous tax on gasoline. What is it meant to achieve? Is it really, as has been said, intended to maintain a single national price for gasoline in Canada? As has been demonstrated by Senator Grosart, it will certainly not do that. Even if the government gets the additional revenue it wants to continue the subsidy to Eastern Canada, it will not really achieve this, because there are so many exemptions that only a few Canadians will be paying this tax. And those will not necessarily be—in many cases they most certainly will not be—those who can best afford it and who should be called upon to pay the tax if the logic and principle behind it had any value whatever.

This really is not a conservation measure. The government cannot say that it is imposing a 10-cent excise tax on gasoline to achieve two purposes which are entirely opposite, conservation and subsidization. The government should be frank and take one side or the other. It should not try to take both sides at the same time. If the government really does not want additional revenue, if all it wants is to conserve energy by diminishing the consumption of gasoline, then it is going about it the wrong way. It is quite obvious from previous experience that what it is doing will not achieve the purpose intended.

Does the government really want additional income to maintain its one-price policy? If it does, I suggest that the way it plans to go about it is not equitable, because the exemptions here have been estimated to exempt one million persons. I think that is the figure mentioned by the minister, probably of National Revenue, the Honourable Mr. Basford. I would like to know how many people are expected to pay the tax, to see what one million persons represent percentagewise. That would be interesting.

I am not dealing here with the points made by Senator Grosart which show that really those who can least afford the tax are those who are going to pay it for the others. It seems to me that this is a badly conceived scheme that will not be equitable at all.

The government has asked for a blank cheque, to exempt by order in council any class of persons it deems it advisable to exempt. This is a strange thing, because in fact the government is asking by this measure for leave to withdraw the tax entirely, to abolish it, without coming back to Parliament. Of course it can do that, it can always

do it, but it has to come back to Parliament usually to have legislation abrogated. In this case, with the blank cheque the government got in the other place, because the minister was not able to convince that house that the list of exemptions was adequate, the government could abrogate this legislation altogether without coming back to Parliament. It can do that by the addition to clause 5 of the bill, which deals with exemptions, of subparagraph (g) which would exempt "a person of such other class of persons as the Governor in Council may by regulation prescribe"—and if that is not the power to abrogate the law I do not know what it is.

Someone in the other place suggested that this at least should be subject to a negative resolution of the House of Commons and the Senate. That is to say, if the government were to adopt an order in council under the authority provided by this Parliament, it should have to come to Parliament and subject itself to criticism or to annulment of this resolution by Parliament, if it were not the wish of Parliament to maintain the additional exemption provided by the order in council.

Anyway, by this provision it is quite obvious that the government could progressively, by several orders in council, abrogate the law entirely. This exemption, and the others provided in clause 5, prove the government was not convinced that this tax was fair. It was not fair from the start, and this inequity has surfaced very clearly in the debate. Senator Grosart in his incisive comments has pointed out clearly that this is not a fair tax. I have never seen anything so unjust and unreasonable.

There appears to be no one on the government side who is willing to come to the rescue of the poor consumer. There is no one on the government side who will rise in the Senate and criticize the government for its insensitivity. Up to now no one has dared to support the legislation, not even the sponsor of the bill.

I really do not know what could be said, in any event, in favour of this bill. It does not achieve what it really wants to achieve in many respects. It is inflationary, as Senator Grosart mentioned. It is quite obvious that, as a result of this bill, the wage and salary earners especially will have to pay more to go to work, and that will add to the pressure for an increase in wages and salaries. Undoubtedly that will be part of the effect of this measure, that it will add to the demands for higher wages.

Honourable senators, I would hope that someone on the government side will follow me even though the sponsor of the bill is anxious to close the debate, and has said so in no uncertain terms. I hope to hear someone tell me something good about this legislation, especially about the 10-cent tax on gasoline. The only argument I have heard in favour of it—and I may as well put it right now, to avoid the necessity of anyone's putting a question—is that we are paying less than people are paying everywhere else. Possibly so. I have not checked that out, but it does not follow that because we are paying less we should have to give more to the government, thus absolving the government of responsibility for this unfair and inequitable tax.

In any event, it is on division that this bill will pass this place. I suggest that the bill be referred to committee, as there are many questions I would like to put in committee.

[Senator Flynn.]

Hon. Raymond J. Perrault: Honourable senators—

Senator Flynn: I have succeeded.

Senator Grosart: The fishing is good.

Senator Perrault: —it had not been my intention to participate in this debate—

Senator Flynn: Obviously.

Senator Perrault: —but after listening to the high octane remarks by the Leader of the Opposition in the Senate I thought perhaps I should attempt to clarify one or two points which seem to have been lost on him.

Senator Flynn: I am glad I have succeeded in provoking you into this debate.

Senator Perrault: It is not a matter of provocation but I want to attempt to clarify the intention of this particular measure.

Senator Flynn: It needs clarification.

Senator Perrault: I hope the Opposition will be more sympathetic to it after I have spoken for three or four minutes.

Senator Flynn: Wishful thinking.

Senator Perrault: The reason Bill C-66 was introduced into Parliament was not to bring joy to the hearts of Canadians or even joy to the hearts of the Opposition; it was due to a pressing financial necessity, which exists in this country today.

To hear the Leader of the Opposition speak this afternoon, there is almost a suggestion that somehow the Minister of Finance is responsible for the international energy crisis. Of course, even he would not go to that extreme.

● (1220)

There is no country in the world which has escaped the impact of the oil crisis brought about by the actions of certain oil-producing countries to drastically increase the price of energy. I want to suggest to the Leader of the Opposition and the members of this chamber that Canada probably has coped with this emergency better than any other country in the entire world—better than any other country in the world!

When we look at other examples of energy costs and prices and their escalation in other areas, in Europe and in other countries in the Commonwealth, we are quickly able to determine that the policies of this government have provided energy to the ordinary consumer at prices far lower than in any other country, or at least as low as in any country.

Then we hear the remarks by the Leader of the Opposition that somehow this government has turned its back on the consumer and is guilty of some form of callous neglect. That is simply a ludicrous statement for the leader to make.

Senator Flynn: I will repeat it any time.

Senator Perrault: And it is not really worthy of Senator Flynn to make that kind of statement.

Senator Flynn: Oh, oh, oh.

Senator Perrault: This government has demonstrated its continuing concern for the consumers. Is it not—

Senator Grosart: May I ask the Leader of the Government a question?

Senator Perrault: If I may just complete my remarks, I shall be glad to answer any questions you feel I may be able to answer.

Senator Grosart: Would you not be willing to answer one as you go along?

Senator Perrault: But the Deputy Leader of the Opposition stated earlier that in Nova Scotia the other day somebody asked, "Well, if it is a subsidy, why am I paying ten cents a gallon more?" Of course, the senator did not make reference to the fact that as a result of this program the cost of heating a home in Nova Scotia will be much lower than in most other parts of the civilized world this coming winter—and that is just one of the benefits which flows directly from this tax.

Senator Grosart: Would the leader just permit this one question? Is not the reason we have these low prices the fact that Canada is the only industrial country in the world which is now net sufficient in oil? Why should we not have these low oil prices when we are not necessarily affected in any way by the world situation?

Senator Perrault: I want to remind the deputy leader what he has apparently forgotten. A large percentage of our oil must be exported offshore from Venezuela—

Senator Grosart: You mean imported.

Senator Perrault: Yes—and other countries where price escalation has been a feature of export policy over recent months, and that we have commitments to our customer to the south for the export of Canadian oil.

Senator Grosart: We are self-sufficient.

Senator Perrault: It is a vast over-simplification to say that we are self-sufficient and that is why energy prices can be kept low. That is true only in a technical sense. In a marketing sense we are very much dependent on international sources of supply.

Senator Grosart: We would not be if the government had gone ahead with the pipeline.

Senator Flynn: Speaking of over-simplifications!

Senator Perrault: This is one of the great joys of being in the role of opposition.

Senator Greene: Irresponsibility!

Senator Perrault: Yes, irresponsibility, as my friend and colleague from the other part of the chamber states. We have heard this morning, for example, from both of these outstanding, distinguished senators from the Opposition—

Senator Greene: The dynamite twins.

Senator Perrault: —that there must be another way, that another way can be found to keep oil prices and gasoline prices down in Canada. But, you know, they are hard put to suggest any specific manner in which this can be accomplished. There has really been a paucity of any kind of useful suggestions on what we should do. If the Leader of the Opposition wants to suggest a way in which we can find another \$600 million this year, perhaps by reducing old age pensions or family allowances, or by

reducing the standard of health care in this country, then let him stand up with courage and specifically tell us how that money can be found.

Senator Flynn: You don't need all of that. That is not true.

Senator Perrault: The Opposition—

Senator Flynn: That is not true.

Senator Perrault: The Opposition in Parliament has talked about discontinuing Information Canada. I think it has been stated before that that would provide about one-fiftieth of the amount required to make up for the ever widening gap between the cost of subsidies resulting from this single oil price policy and the revenues from the export charge. It is widening all the time.

Now we are faced as Canadians—not as Liberals or as Conservatives or as members of the NDP or as Creditistes, but as Canadians—with a deficit on that compensation program of, as has been stated earlier, between \$400 million and \$600 million a year. This has to be met. It requires tough decisions by the government. There is not a government in the world which likes to impose additional taxes. It is done because of a sense of public responsibility, and the honourable senator—

Senator Flynn: Or lack of competence.

Senator Perrault: And the honourable senator is aware of that fact because he had experience in increasing taxes when he occupied a post of responsibility with one of the preceding governments. And he did not find that tax increases were ever popular.

Senator Flynn: I never imposed a tax when I was in government; certainly not a tax like this one.

Senator Perrault: But the special excise tax on gasoline was conceived as an appropriate means of offsetting at least part of this widening and increasing deficit.

Honourable senators, I do not want to talk at length, because an outstanding speech was made by Senator Macnaughton and we have heard the Opposition's point of view. We are told that low-income people are the special victims, but I think it has to be borne in mind, surely, that low-income Canadians own fewer automobiles. That is also a factor.

Senator Grosart: They own more. They own most of them.

Senator Perrault: The tax therefore results in a lower burden on low-income classes taken as a whole as opposed to high-income groups.

We have to take into account, and it bears repeating again, that much of this revenue will be employed to reduce prices for petroleum products, including home heating oil needed to keep Canadian homes warm this winter at lower costs than would have been otherwise had this tax not existed. That is a worthy objective.

Senator Flynn: Would the government leader acknowledge that he has stated that much will be used, but not all?

Senator Perrault: Not all, no.

Senator Flynn: I see.

[Senator Perrault.]

Senator Perrault: I think the Leader of the Opposition has been in public life long enough to realize that there is no such thing as perfect equity in any program devised by any government. For example, there are a certain number of people who exploit the unemployment insurance and social welfare systems. There is no such thing as a perfectly just tax. If we are trying to devise a system of taxation which is without inequities, then that is an impossibility to mankind, even with the use of computer technology and all the rest of it.

Senator Grosart: You can always come close.

Senator Perrault: Yes, I agree with the deputy leader. We hope to come close. This is why certain amendments have been made to this bill to enable the government, where possible, to make this measure more equitable, more fair and more helpful to the Canadian people.

A number of questions have been raised concerning the impact of the special excise tax on those who must drive their automobiles to their places of business. That will be a problem for many Canadians. There is no question about that. That has to be admitted. But there is the possibility that more car pools will be formed, and that in many, many cases people will be able to go by public transportation to certain places of business. I know, for example, that in the greater Vancouver area, when one goes to the office in the morning, one sees that most of the automobiles have only one person in them, and those automobiles occupy a substantial portion of the streets, bridges and highways. Of course, there will be an incentive for people to group together and travel together, and use public transportation. Perhaps we should have started doing things like this 25 years ago. Perhaps it is time for us to attempt to conserve some of our vital energy supplies by changing our mode of travelling to and from work.

Senator Flynn: It was done during the war with rationing.

Senator Perrault: Is the honourable senator suggesting that we go to a program of rationing?

Senator Flynn: No, I am just making the observation.

Senator Perrault: Because any useful suggestion will be considered by the government.

Senator Flynn: Ha! That's good.

Senator Perrault: If he wants rationing, it will certainly be considered.

Senator Flynn: But you would not get as much revenue, if you were to go on to rationing.

Senator Perrault: But the special excise tax parallels the provisions of the Income Tax Act, which does not allow the deduction of expenses incurred in travelling from one's home to one's place of business.

One of the difficulties, as honourable senators can understand, is that somebody driving a Honda Civic, for example, to the office could claim as a deduction the tax differential on the gasoline purchased in driving to the office, while at the same time his neighbour, who could be driving a Cadillac Eldorado, would also have a similar claim. This is not equity as far as taxation is concerned, to have the same degree of deductibility without any reference to gasoline consumption.

● (1230)

Senator Grosart: They could always walk.

Senator Perrault: Yes, perhaps it would help more Canadians if they walked to the office, but if the Conservative Party is advocating that all Canadians must walk to work, then that idea too will be considered. It must be recognized that every person who works must get from his place of residence to his place of business, but to allow a deduction of the expense of getting to work would give a tax subsidy to those who choose to drive rather than take public transport, to those who choose to live far from their place of work rather than close, and to those who choose to drive a large automobile rather than a small one.

Senator Grosart: You are reading the same book.

Senator Perrault: We have similar thoughts on a number of areas of this bill. But, honourable senators, the measure is being introduced by the government in the earnest hope that at some time in the near future it may be possible to remove it.

We have heard complaints from certain provincial governments about this measure, and yet provincial governments tax gasoline by 15 cents or 16 cents a gallon. If they really wish to assist the residents of their provinces, they most certainly could consider reducing their take from the gasoline tax. In most cases, provincial governments have far smaller deficits, in relative terms, than does the federal government with its many responsibilities. It is the same situation with respect to the sales tax on building materials. There was criticism today of the removal of sales tax on insulation, for example—"It didn't go far enough." The government removed the sales tax on insulation, again to conserve energy, but most of the provincial governments have maintained their sales taxes on insulation and building materials. It may be useful for the Leader of the Opposition to suggest to some of his friends who serve at the provincial level that they might initiate some action provincially.

Senator Flynn: I have no more friends there than you have.

Senator Perrault: That is in the area of building supplies, and so on.

Senator Flynn: Speaking of the provinces, may I ask the Leader of the Government if any thought was given to the fact that by imposing this tax the federal government was entering a field which up to now had been the provinces' exclusive preserve?

Senator Perrault: I cannot agree with that thought. In any case, it is the government's belief that this legislation is constitutionally sound.

Senator Flynn: I did not say it was not constitutional. I simply said that traditionally this tax has been left to the provincial governments.

Senator Prowse: Nonsense.

Senator Flynn: Why does my honourable friend say that? What does he know about it?

Senator Prowse: It was three cents a gallon during the war.

Senator Flynn: Just like the income tax during the war. Practically no taxes were left to the provinces at that time.

Senator Perrault: I want to conclude by stating that the government introduces this measure with reluctance. The introduction of tax measures is never popular, but this measure has been introduced in the earnest hope that it will contribute to the easing of the Canadian energy problem, that the net effect will be beneficial as far as the country is concerned, and that at some foreseeable date it will be possible to remove taxes. Indeed, the idea of lowering taxes is consistent with the entire philosophy of the government.

Senator Flynn: That is the best joke I have heard this morning.

Hon. J. Harper Prowse: Honourable senators, I want to say a few words particularly in view of some of the statements made from the other side of the chamber, one of which was that because it was Canadian oil we could sell it at any price we wanted to. The fact of the matter is that the oil we are dealing with is not the property of any government at all; it is a property of individual owners who have gone in, as they said, to hunt and find, and now have separated the oil from the ground. They are the private owners of it, and they sell it where they can and for as good a price as they can get, which is the basis of all business today. There is nothing wrong with that. So when it is suggested that the federal government or any government can arbitrarily set a price for oil, and that we were setting a price on our oil, it just is not true. We were setting a price on oil which has already been alienated from its original owners who were the Canadian people, and this continues to be the situation. It does not matter whether we are getting oil from a well in Alberta or whether we are getting it from a well in Venezuela. In both cases it is probably the same corporation that is selling it to us.

The second thing we must keep in mind when talking about the 10-cent tax, and other taxes, is that before this last round of unprecedented price changes in oil took place, they were getting about \$1.80 a barrel for oil at the well-head in the Middle East. The sheiks over there discovered that they were getting as their share approximately the same amount of money as the freighters were getting for taking the oil from the Persian Gulf to wherever the markets for it were. Then, when they looked a little further, they found that when it went into West Germany, Great Britain or Italy, or wherever it was being bought, those governments were putting taxes on it, and that the final price of the oil to the consumer was in the neighbourhood of \$11 a barrel. I do not think there is any mystery in how we got to the price of \$11 or \$12 a barrel for oil. That was the price which the Western governments, after taxing the oil as it went to the distributors, found that the distributors and the consumers were well able to pay.

It is interesting now, when we stop to consider who is in fact setting the price of oil, to realize that this price comes along at a time when it is most convenient for the oil companies to be guaranteed a price which will help them to replace the oil that is now being used. They figure it will require that price to make it worth their while to bring the tar sands and northern areas into production.

So, let us not suppose that there is any great mystery, and let us not suppose that governments have all the control over this that we think they have either. Whether governments are leading other people around by the nose, or whether they are in fact themselves being led around by the nose, is an interesting matter for speculation.

The fact remains that when you are paying 80 cents per gallon for gasoline, I suggest to honourable members opposite, you are going to start looking to see if your journey is really necessary. I know people who deliberately kept their speed to under 60 miles an hour because they know that at a speed of over 60 miles an hour, and with gasoline at 80 cents a gallon, it will cost considerably more to make a 200-mile trip—because at speeds of over 60 miles an hour the amount of fuel consumed increases quite substantially. And these are not people who are driving Honda Civics either. These are people driving big cars, and if they get 10 miles to the gallon then they have had a really good day's driving.

Honourable senators, the money had to come from somewhere, and this is a tax which was imposed in an attempt to equalize the situation. We are paying it so that the cost of production is not increased. The only people who are going to pay are people who use gasoline for their own convenience. This will undoubtedly encourage the development of improved rapid transit systems which we need, not because we are running short of oil, but because a continuing dependence on the automobile, carrying one person to work in the morning and back home in the evening, is slowly choking the lives out of the people on this continent, particularly in large urban areas such as Toronto and Montreal. The same applies to New York and Los Angeles, which have become ridiculous places for people to live, being deathtraps because of automobile emissions. This legislation is to be cut down on that.

● (1240)

In my opinion, it would not hurt the Opposition in a case such as this to declare, although this is not the manner in which they would like to see it done, that in the circumstances it is a good thing for Canadians, and it will achieve the purpose of providing Canadians with fuel cheaper than that available in any other part of the world and at approximately the same price throughout the country. While I know that their function is to make the government take a second look at everything it does, they could serve a useful purpose in this situation, the facts of which are as well known to them as to each one of us. That is the purpose of the legislation. Now, let us all be men enough to admit it, and give credit where credit is due.

Hon. Senators: Hear, hear!

Senator Flynn: I have heard amusing remarks this morning.

Senator Macnaughton: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Macnaughton speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Macnaughton: Honourable senators, in view of the very interesting and informative debate we have had this morning and the reasons for the presentation of the

[Senator Prowse.]

government case, which are basically the conservation of gasoline and oil and the fair pricing of those commodities throughout the country, I do not believe there is anything more I need say. There may be technical questions which honourable members of the Opposition would like to ask in committee, if they think referral of the bill to committee is necessary.

Senator Flynn: Yes.

Senator Macnaughton: If they do, then in due course I shall ask that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Macnaughton, P.C., seconded by the Honourable Senator Greene, that this bill be now read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Macnaughton moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

Senator Langlois: Honourable senators, I wish to announce that the Chairman of the Standing Senate Committee on Banking, Trade and Commerce is making arrangements for a meeting of that committee at 2.30 this afternoon in room 256-S.

The Senate adjourned during pleasure.

At 4 p.m. the sitting was resumed.

REPORT OF COMMITTEE

Senator Hayden: Honourable senators, I should like to ask leave to revert to Reports of Committees.

Senator Flynn: With leave? Of course. As usual, we are cooperative.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-66, to amend the Excise Tax Act, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Macnaughton: Honourable senators, I move that this bill be read the third time now.

Senator Flynn: With leave?

Senator Macnaughton: With leave.

Senator Flynn: Honourable senators—

Senator Greene: For he's a jolly good fellow.

Senator Flynn: I thank my good friend, Senator Greene, for this kind reference to me. Of course, it could not be addressed to anybody but me.

Hon. Senators: Hear, hear!

Senator Flynn: Honourable senators, this bill has been considered in committee and is now reported without amendment. We could not, in fact, amend this bill. In practice we could not amend it because it is impossible to make a silk purse out of a sow's ear. That fact was made quite clear in committee, and there is no doubt about it. Senator Macnaughton's wishes will be acceded to. Not much discussion has taken place; this bill is in fact being given what has to be called speedy passage. The Senate has performed its duties expeditiously. We started dealing with this bill at 11 o'clock this morning, and in about ten minutes or so we will likely have disposed of it.

I do not mean to imply that the Senate has not done a good job; it did everything it could in the prevailing circumstances. The idea was to verify whether the criticisms levelled against this bill in the other place, elsewhere in Canada and in the press since the June 23rd budget, were justified. My conclusion is that the debate in the Senate, and the examination of the bill in committee, have proved that they were. We did not need to spend too much time to satisfy ourselves that this is a bad bill, and that the 10-cent increase on gasoline is an unfair, discriminatory and excessively complicated tax. Investigation reveals a singular lack of imagination on the part of the government. They obviously did not look into the problems that would result from the administration surrounding the exemptions to this tax, nor did they consider the unfair treatment to many Canadians that would result from its application.

It was made clear in committee that this tax would normally, if the consumption of gasoline remained the same—which was the assumption made by the officials of the department—have no effect on the so-called conservation objectives of the government. It was stated that this tax would normally bring in \$700 million and that the exemptions provided in the bill as it stands—and that without taking into account, if my assessment is correct, the Orders in Council which may be passed under the new section 47(1)(g) which is introduced in the bill—

Senator Hayden: Creating classes of persons.

Senator Flynn: Yes, classes of persons, or kind, it could be anything. As I was saying, on the basis of the other paragraphs of the new section 47(1) the refunds would amount to \$170 million. That means that approximately 25 per cent of the tax monies collected would be refunded and the end result for the government would be the raising of approximately an additional \$525 million. It was stated by the government leader this morning that the government does not need all that money to meet the

deficit in the amount of subsidies paid to Eastern consumers.

The government leader also this morning belittled the criticism levelled at this bill from this side. I ask you where else could criticism come from? There is never any criticism from the government side. In my opinion, we on this side are serving a very useful purpose by doing this, because it is apparent no one else will dare do it. It is about time that the Leader of the Government realized that the small group on this side of the chamber is performing an essential service. He should not minimize the work done by the Opposition, especially when he spent eight years in the British Columbia legislature doing precisely that type of work. At that time he had a huskier voice than he has now. In fact, when he was appointed to this chamber he made fuller use of that extraordinary voice of his. He was much more impressive then. I do not know what has happened to him, but he has lowered his tone somewhat.

In any event, what I am simply saying is that the job done by the Opposition in this place should not be minimized, but should be appreciated by all those on the other side who do not feel that they can criticize the government or its legislation.

The government leader was asking me if I had any ideas. I have many ideas. The tax of 10 cents per gallon represents an increase of close to 15 per cent, and in some cases it may be even higher than that, to the consumer. An additional 15 per cent on the price of gasoline is a tremendous increase, I suggest to the Leader of the Government. What the government could have done, without introducing this complicated system of exemptions, would have been to increase the price to all consumers by three cents or four cents. That, I think, would have received general acceptance. It would have brought to the government between \$210 million and \$300 million a year, depending on whether it were three cents or four cents.

The budget also provided increases in income tax which will bring several hundreds of millions of dollars into government coffers. That also might have been sufficient to meet this deficit in the subsidy to the Eastern consumers of gasoline. Those are a couple of alternatives which could have been used alone or in combination. There are others. I am not the Minister of Finance, but it is not difficult to have more imagination than was displayed by the minister in this particular case. I say to the Leader of the Government and to the Senate that this tax is unfair and will prove to be totally unworkable. This tax brings us no closer to the so-called just society that we were promised by the present Prime Minister over seven years ago, and for which we are still waiting.

● (1610)

I repeat that this bill—which will pass, of course, on division—is a bad bill. We at least have done what we could to show the defects in this bill.

In closing, I would like to refer to Senator Prowse's last sentence in his speech of this morning. It is a ringing sentence. He said:

Now, let us all be men enough to admit it, and give credit where credit is due.

That was said in praise of this bill. I would say to Senator Prowse that if he wanted to be realistic what he should have said is, "Now, let us be men enough to admit that it is a bad bill, that it is an unfair tax, and let us give hell to whomsoever hell is due."

Senator Perrault: Honourable senators, I rise simply to correct the record. At no point in my remarks earlier in the day did I suggest that the government did not need the money which would be collected under this particular taxation measure. I said—

Senator Flynn: I have no objection to Senator Perrault's correcting what he said, but if he denies that he said that, I will quote from his speech.

Senator Perrault: If that appears in the verbatim record, it is inaccurate, and I will correct it. I said there is a real need for this money—

Senator Flynn: All of this money.

Senator Perrault: The following facts and figures should be put on the record. The Leader of the Opposition states that this measure is an imposition on Canadians least able to pay the tax.

Senator Flynn: That is right.

Senator Perrault: Perhaps we in Canada have been living in a fool's energy paradise. The following are the taxes paid per gallon by other leading countries in the world. In France today the government tax on a gallon of gasoline, regular grade, is 94 cents, and on premium grade gasoline it is \$1. In Japan the tax is 57 cents per gallon on regular grade and 52 cents on premium grade; in Germany it is 99 cents per gallon on regular grade and \$1 on premium grade; in Italy it is \$1.37 per gallon on regular grade and \$1.42 on premium grade; in the United Kingdom it is 86 cents on regular grade and 87 cents on premium grade.

Honourable senators, those are governments not unaware of the social responsibilities they bear toward the poorer people in their countries.

Senator Flynn: The situation is not the same.

Senator Perrault: Those taxation levels are much beyond anything proposed by this government. One fact clearly emerges, that in the present energy crisis governments throughout the world have found it necessary to increase taxes on their energy supplies in order to maintain their economic viability. When we compare the Canadian tax levels with those existing in any other part of the world, I think we must admit that we are singularly fortunate in a world beset with problems concerning energy resources.

I enter a defence of the government, because this is not a measure which any government wishes to advance. No government wishes to impose measures which include an imposition of higher taxes. I can only repeat the assurance that these monies will be used for the benefit of the people of Canada, to minimize, insofar as possible, the deleterious effects of the energy crisis in this country.

Senator Flynn: May I just add that the amount of tax paid by people in other countries depends upon the situation in those countries, which, in most cases, is not comparable to the situation in Canada. Also, out of price of 70

[Senator Flynn.]

cents per gallon to the consumer in Canada, close to 50 cents is attributable to various taxes. That is a huge proportion.

Senator Perrault: Even if one adds up all of the various taxes, Canada still has some of the lowest priced petroleum products in the entire world, and I think we are very fortunate people, indeed.

Senator Flynn: Percentagewise?

Senator Perrault: And may I add by way of a conclusion that there will never be any effort on this side of the House to restrict the right of the Opposition to enter its fair criticism of any measure that comes before this Chamber.

Senator Flynn: That is the best thing you have said today.

Motion agreed to and bill read third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

July 30, 1975

Madam,

I have the honour to inform you that the Honourable Wilfred Judson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 30th day of July, at 4.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
R. de C. Nantel
Assistant Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

ADJOURNMENT

Leave having been given to revert to Motions:

Senator Langlois: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday, October 21, 1975, at 8 o'clock in the evening.

Senator Flynn: Does the Deputy Leader of the Government intend to give an explanation with respect to the adjournment motion?

Senator Langlois: Does it need an explanation?

Senator Flynn: As I understand it, the House of Commons will be returning on October 14, and we will be coming back one week later.

Senator Langlois: That is right.

Senator Flynn: I suggest to the Deputy Leader of the Government that he could have said that it is a well deserved recess for the Senate, especially for the Opposition in the Senate, before we disappear entirely.

Motion agreed to.

The Senate adjourned during pleasure.

At 4.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Wilfred Judson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Wilfred Judson, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk Assistant.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to establish a national petroleum company.

An Act to amend the Excise Tax Act.

An Act to amend the Agricultural Stabilization Act.

An Act to amend the Prairie Grain Advance Payments Act, No. 2.

An Act to amend the Federal-Provincial Fiscal Arrangements Act, 1972.

An Act to amend certain statutes to provide equality of status thereunder for male and female persons.

An Act to amend the Public Service Staff Relations Act.

An Act to amend the Olympic (1976) Act.

An Act to amend the Privileges and Immunities (International Organizations) Act.

An Act to amend the Customs Tariff, (No.3).

An Act to provide an exception from the general law relating to marriage in the case of Richard Fritz and Marianne Strass.

An Act to incorporate the Canadian Commercial and Industrial Bank.

An Act respecting Alliance Security & Investigation, Ltd.

An Act respecting The Royal Canadian Legion.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, October 21, at 8 p.m.

THE SENATE

Tuesday, October 21, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that George Isaac Smith, Esquire, has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and was seated:

Hon. George Isaac Smith of the City of Truro, Nova Scotia, introduced between Hon. Jacques Flynn, P.C., and Hon. Fred M. Blois.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Raymond J. Perrault: Honourable senators, may I be among the first to welcome to our ranks the Honourable Senator Smith, an individual who has served with such great distinction in the public life of this nation in another forum of activity and who now joins us in the Senate. We are enthusiastic about the admittance of the Honourable Senator Smith to this chamber for many good reasons, and among them, and as one who has served in Opposition in another place, I welcome the strengthening of the ranks of Her Majesty's loyal Opposition in the Senate.

Some Hon. Senators: Hear, hear!

Senator Perrault: I have always felt—and I know that other senators share the same belief—that our parliamentary system can only be effective if we have a vigilant and ever-active Opposition in our midst. I hope this trend can be continued in the future.

On behalf of all honourable senators on the government side of the house, I welcome Senator Smith. I know he will serve with real distinction in the months and years to come.

Senator Asselin: When will the next Opposition appointment be made?

Hon. Jacques Flynn: Honourable senators, I am happy to join the Leader of the Government in welcoming Senator Smith to the Senate of Canada, an institution that harbours some of Canada's most outstanding authorities on what not to do to win elections. The Senate is the only place in the country where the Grits are willing to admit that it takes four of them to match one of us.

An Hon. Senator: At what?

Senator Flynn: Senator Smith's appointment comes as a gift from heaven. I am not sure what it means. Perhaps God has decided to help the deserving Tories, which is only fair when you consider that the undeserving Grits have been helping themselves for years.

I should warn Senator Smith that we senators do not pay much attention to those who criticize us. After all, they are only repeating what everybody else is saying.

However, I wish to say that Senator Smith is most welcome in our midst because, as Senator Perrault has indicated, we dearly need help on our side. Consequently, Senator Smith may count on our giving him plenty of work to do, and on his having, at times, to deal with some of the members opposite.

In conclusion, I simply wish to add that I thank the Prime Minister for having appointed Senator Smith, and it is my sincere hope that he will make many similar appointments in the near future.

THE SENATE

RENOVATIONS TO CHAMBER

The Hon. the Speaker: Honourable senators, you may have observed that the chamber has undergone extensive changes, which it is hoped will bring about improvements in services and will aid all honourable senators in the performance of their duties.

The old carpet, which had become worn and, indeed, in certain spots a tripping hazard, has been replaced by a new one.

The obsolete sound amplification and interpretation system has been discarded, and a new—and, we hope, improved—system installed by the Tannoy Company under contract with the Department of Public Works. Honourable senators will have noticed the new microphones on the desks, and the new controls conveniently placed before them. On each microphone is a small red light which will be turned on by the console operator when a senator rises to speak. It will indicate that the microphone is open. The controls attached to desks have six channels, but only numbers 1, 2 and 3 function. The other three are extras for additional channels should the necessity arise. When an honourable senator uses the earphone which is provided, if he turns the knob to number 1 on the controls, he will hear the speech as it is

being delivered in the chamber. If he turns it to number 2, he will hear the English interpretation, and, if he turns it to number 3, he will hear the French interpretation.

For a period of one year, the operation of the system will be controlled by a technician from the Tannoy Company. During that period he will also train a number of Senate personnel in the operation of the console.

Honourable senators will also have noticed in the galleries the new loud speakers and control boxes which will provide the public with simultaneous interpretation of the debates.

The area surrounding the Throne and the Chairs has been given a new look. This was arrived at through consultation with some senators and other distinguished persons interested in this chamber. The beautiful stone work behind the Throne has been cleaned, and honourable senators, visitors and the public generally, may now admire its fine sculpture.

This new decor is an experiment, and the Chair and officers of the house would welcome suggestions or comments by honourable senators concerning this new arrangement. The present arrangement will remain until the Christmas adjournment. Then, if it is the wish of honourable senators, it will remain permanently; otherwise, the canopy and drapes will be brought back and the former arrangement will be restored.

In conclusion I should say that, initially, problems might be experienced with the new sound and interpretation system, even though it underwent thorough testing by technicians, interpreters and members of the staff who sat in the chamber for that purpose.

NATIONAL CAPITAL REGION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Lefebvre had been substituted for that of Mr. Goodale on the Special Joint Committee on the National Capital Region.

● (2010)

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Portelance had been substituted for that of Mr. Rompkey, that the name of Mr. Brewin had been substituted for that of Mr. Orlikow, and that the name of Mr. Stollery had been substituted for that of Miss Bégin on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

COMBINES INVESTIGATION ACT

BILL TO AMEND AND TO REPEAL—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with

Bill C-2, to amend the Combines Investigation Act and the Bank Act and to repeal an Act to amend an Act to amend the Combines Investigation Act and the Criminal Code.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Perrault: Honourable senators, with leave of the Senate, I move that the bill be read a second time at the next sitting of the Senate.

The Hon. the Speaker: Is there unanimous consent?

Senator Flynn: I understand that the idea is not to force the continuance of the debate on Thursday.

Senator Perrault: That is true. It is hoped that because of the importance of this legislation we can at least initiate second reading with a government statement tomorrow afternoon.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copy of Ordinance, Chapter 1, passed by the Council of the Northwest Territories during its 55th Session and assented to May 2, 1975, pursuant to section 16(1) of the Northwest Territories Act, Chapter N-22, R.S.C., 1970, together with copy of Order in Council P.C. 1975-1417, dated June 17, 1975, approving same.

Report of the Canadian Dairy Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 22 of the Canadian Dairy Commission Act, Chapter C-7, R.S.C., 1970.

Report of the number and amount of Loans to Immigrants made under section 65(1) of the Immigration Act for the fiscal year ended March 31, 1975, pursuant to section 65(6) of the said Act, Chapter I-2, R.S.C., 1970.

Report on the administration of the Canada Student Loans Act for the loan year ended June 30, 1974, pursuant to section 18 of the said Act, Chapter S-17, R.S.C., 1970.

Report on operations under the Regional Development Incentives Act for the months of April, May and June, 1975, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Revised Capital Budget of Central Mortgage and Housing Corporation for the year ending December 31, 1975, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1975-2138, dated September 11, 1975.

Report of the Law Reform Commission of Canada for the year ended May 31, 1975, pursuant to section 18 of the Law Reform Commission Act, Chapter 23 (1st Supplement), R.S.C., 1970.

Report on the administration of the Emergency Gold Mining Assistance Act for the fiscal year ended March 31, 1975, pursuant to section 10 of the said Act, Chapter E-5, R.S.C., 1970.

Report of activities under the Prairie Farm Assistance Act for the Crop Year ended July 31, 1974, pursuant to section 12 of the said Act, Chapter P-16, R.S.C., 1970.

Report on the administration of the Canada Assistance Plan for the fiscal year ended March 31, 1974, pursuant to section 19, Chapter C-1, R.S.C., 1970.

Reports of the Atlantic Pilotage Authority, the Laurentian Pilotage Authority, the Great Lakes Pilotage Authority, Ltd. and the Pacific Pilotage Authority, including accounts and financial statements certified by the Auditor General, for the year ended December 31, 1974, pursuant to section 28 of the Pilotage Act, Chapter 52, Statutes of Canada, 1970-71-72.

Report of the Department of Transport containing a Statement of Wharf Revenue Receipts and a Statement of Harbour Dues for the fiscal year ended March 31, 1975, pursuant to section 14 of the Government Harbours and Piers Act, Chapter G-9, R.S.C., 1970.

Report of the Northern Canada Power Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 24 of the Northern Canada Power Commission Act, Chapter N-21, and section 75(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Fisheries Prices Support Board for the fiscal year ended March 31, 1975, pursuant to section 7 of the Fisheries Prices Support Act, Chapter F-23, R.S.C., 1970.

Report of operations under the Canada Water Act for the fiscal year ended March 31, 1975, pursuant to section 36 of the said Act, Chapter 5 (1st Supplement), R.S.C., 1970.

Copies of White Paper entitled "Attack on Inflation—a program of national action", together with a booklet giving the highlights of the Government's anti-inflation program both dated October 14, 1975.

Copies of a statement, dated October 14, 1975, relating to federal measures to deal with mercury contamination.

Public Accounts of Canada, Volumes I, II and III, for the fiscal year ended March 31, 1975, pursuant to section 55(1) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of Order in Council P.C. 1975-2429, dated October 14, 1975, appointing the Honourable Jean-Luc Pepin and Mrs. Beryl Plumptre Commissioners under Part I of the Inquiries Act to the Interim Anti-Inflation Board, for the purpose of implementing an anti-inflation program.

Copies of Terms of Reference of the Committee appointed to study the operation of the Abortion Law.

Auditor General's Report to the Minister of Manpower and Immigration on the examination of the accounts and financial statements of the Unemployment Insurance Commission for the fiscal year ended March 31, 1975, pursuant to section 138 of the Unemployment Insurance Act, 1971, Chapter 48, Statutes of Canada, 1970-71-72.

[Senator Perrault.]

Copies of a report by the Advisory Committee of the Canada Pension Plan respecting the rate of return on the Investment Fund of the said Plan, dated June 1975.

Capital Budget of Air Canada for the year ending December 31, 1975, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-2412, dated October 9, 1975, approving same.

Capital and Operating Budgets of the Canadian National Railways for the year ending December 31, 1975, pursuant to section 37(2) of the Canadian National Railways Act, Chapter C-10, and section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-2411, dated October 9, 1975, approving same.

Report on proceedings under the Canada Labour Code Part V (Industrial Relations) for the fiscal year ended March 31, 1975, pursuant to section 170 of the said Code, Chapter L-1, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume I, Abstract of Statements of Insurance Companies in Canada, for the year ended December 31, 1974, pursuant to section 8 of the Department of Insurance Act, Chapter I-17, R.S.C., 1970.

I draw the attention of honourable senators especially to the White Paper entitled, "Attack on Inflation—a program of national action," and the accompanying booklet, both dated October 14, 1975.

Senator Flynn: A memorable day in Hochelaga.

THE CANADIAN ECONOMY

ATTACK ON INFLATION—NOTICE OF INQUIRY

Senator Perrault: Honourable senators, because of the importance which I am sure all honourable senators attach to the problem of inflation, I give notice that on Thursday next, October 23, I will call the attention of the Senate to the White Paper entitled, "Attack on Inflation—a program of national action," together with a booklet giving the highlights of the government's anti-inflation program, both dated October 14, 1975, tabled in the Senate today.

It seems to me appropriate that all honourable senators be given an opportunity to express their views with respect to the program to combat inflation in this nation.

Senator Flynn: It is too bad that we shall not commence the debate tonight in view of the presence in the gallery of the Honourable the Leader of the Opposition in the other place. I am quite sure he would be interested in listening to the statement by the Leader of the Government.

Senator Perrault: Well, I am sure the Honourable the Leader of the Opposition in this place agrees with me that there is a great deal of wisdom here that will assist in furthering the objectives of this program.

Senator Flynn: It is too bad that the government did not use the wisdom of the Leader of the Opposition in the other place earlier.

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS— QUESTION

Senator Asselin: Honourable senators, in view of the fact that we now have a very good simultaneous interpretation system—for which I thank Her Honour the Speaker—I should like to ask my question in French.

[Translation]

Since we were advised this morning that there would be a postal strike, we also realize that it will have an extremely painful effect on the economy of the country and since the government has belatedly decided to fight inflation, can the government leader tell us whether the cabinet has already decided, owing to the seriousness of the situation, to solve quickly the problem by introducing a special legislation requiring the postal employees to return to work immediately?

[English]

Senator Perrault: Honourable senators, I want to assure the Honourable Senator Asselin and the house that the government is most concerned about the maintenance of adequate postal services in this country. However, the resolution of this difference rests upon the initiative of the union involved. At this time it is not possible to say how or when negotiations will be resumed. I should mention, however, that there is a firm resolve on the part of the government not to yield to inordinate demands put forward by any sector of the economy—whether by professionals, those in the trade unions, those in management or those in any other sector. Yielding to inordinate wage demands on an indiscriminate basis would shatter the guidelines announced just a few days ago, and the government feels confident that in its position it has the support of the great majority of the Canadian people.

IMMIGRATION POLICY

UNAUTHORIZED PRESS PUBLICATION OF CONFIDENTIAL DRAFT REPORT OF SPECIAL JOINT COMMITTEE—QUESTION OF PRIVILEGE

[Translation]

Hon. Maurice Riel: I rise on a question of privilege, Madam Speaker. I would like to draw the attention of this house on some facts that happened Monday and Tuesday of this week, when *Le Devoir* of Montreal and the *Toronto Globe and Mail* published without authorization extracts of a confidential preliminary report for the Special Joint Committee on Immigration Policy.

As you know, a Special Joint Committee of Parliament was set up in March. This committee, made up of eight senators and fifteen House members, held a great many meetings for the purpose of hearing witnesses, as well as several meetings behind closed doors. Moreover, a team of specialists had compiled the necessary statistics to be able to make recommendations to Parliament as to what the new immigration bill should include. This joint committee is to submit its report to Parliament on October 30.

It is only normal that such an important working paper—only a draft—be prepared by the committee. Of course, each and every page was clearly stamped "Confidential until presented in the House". It is the result of

proceedings conducted behind closed doors.

The unauthorized publication of this report on October 20 and 21 in the newspaper *Le Devoir* and the *Globe and Mail* respectively constitutes a breach of the privileges of the Senate and the House of Commons.

● (2020)

[English]

I would quote *Beauchesne's Parliamentary Rules and Forms*, Fourth Edition, Chapter IX, citation 320, paragraph (5), page 250:

No act done at any committee should be divulged before the same be reported to the House. (Clarendon 1826 ed. II, p. 159). Upon this principle the Commons, on April 21, 1837, resolved "That the evidence taken by any select committee of this House, and the documents presented to such committee and which have not been reported to the House, ought not to be published by any member of such committee or by any other person."

The citation continues:

The publication of proceedings of committees conducted with closed doors or of reports of committees before they are available to Members will, however, constitute a breach of privilege.

[Translation]

Honourable senators, I rise on Standing Order 34. The Special Joint Committee of the Senate and the House of Commons on Immigration Policy had been asked by Parliament to report on an extremely touchy matter which may have important repercussions on every segment of our Canadian society. The non-authorized publication in its present form of that preliminary report, which is in no way definitive, of which certain aspects have yet to be discussed, and on which the members of the committee had not voted, as I say, makes the task of the committee very difficult. In addition to this, it is also such as to give the public completely erroneous information on our work.

Under the circumstances, Madam Speaker, as the definition given in *Beauchesne* of a breach of privilege includes such erroneous and unauthorized publications, we feel that the following motion is well founded. Therefore, I move, seconded by Senator McElman, that the unauthorized publication of the preliminary version of a confidential report of the Special Joint Committee of Parliament on Immigration Policy be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

In closing, honourable senators, I want to advise you that a similar motion was presented this afternoon in the House of Commons with a view to referring the matter to the Standing Committee of the House of Commons on Privileges and Elections, which motion was taken into consideration by the Speaker at the other place.

[English]

The Hon. the Speaker: Honourable senators, I wish to thank the Honourable Senator Riel for having given me notice of the motion he has just moved. As there are some doubts in my mind as to the acceptability of the motion, I would like to take the matter under consideration and give a ruling later.

I understand that this question has already been raised in the other place and, in the circumstances, I do not feel it advisable to put the motion proposed by the Honourable Senator Riel before the house at this time. However, I would welcome any comments by honourable senators.

Senator Flynn: Honourable senators, I am taken by surprise because I was not advised of this motion before I heard it moved by Senator Riel. The problem that I see at this time, even if the motion is in order, is the duplication involved in having a committee of this house and a committee of the other house studying separately the same problem, with the possibility that each might come to a different conclusion.

It seems to me that the proper procedure probably should be to have a special joint committee of both houses look into this. That is the only reaction I have at this time, not having had occasion to read the papers in question, or examine the problem and the difficulties which Senator Riel has outlined this evening. I think it would be a good idea if this motion were taken under advisement and Madam Speaker were to give us an occasion to discuss the problem again tomorrow. That is my initial reaction to this question.

Senator Grosart: Honourable senators, if I might make a comment, I am as surprised as the Leader of the Opposition that this motion has been moved without any indication to us on this side that it was going to be moved this evening. My first reaction is that it is completely unnecessary to request that this matter be referred to a committee of the Senate.

We are dealing, as I understand it from the words of the mover of the motion, with a draft of a report which happens to have leaked out. If we are going to take this position with every draft of every report of any committee that the press have been enterprising enough to discover, surely we are going to put ourselves in a ridiculous position. That is my own view. It is a draft. It may have been marked "Confidential," but to whom is it confidential?

• (2030)

The quotation from *Beauchesne*, in my view, is not appropriate to these particular circumstances. It does not refer to drafts of reports. Are we going to get into the position that if the press happens to find a draft of a report of a committee, and publishes it, we are going to regard that as a breach of privilege of this house? In my view, we are thinking in very anachronistic terms of the contours of the privilege of Parliament.

It is only a draft which has fallen into the hands of an enterprising newspaperman. Unquestionably, it was given him by a member of the committee, but where is the breach of privilege? I merely say that I can see no breach of privilege, because this is happening all the time.

Senator Perrault: That does not make it right.

Senator Grosart: Perhaps it does not, but it is the trend. If we are going to take this position, my own view is that we will make ourselves appear ridiculous in terms of the right of the media, the press, to insist on disclosure when they discover information to which they feel the public is entitled.

Senator McDonald: Or steal it.

[The Hon. the Speaker.]

Senator Perrault: Honourable senators, Senator Riel's deep concern about this matter is understandable. The subject of immigration is a sensitive one, of concern to many Canadians of all political parties. What has been described as an "unauthorized leak" to the media has distressed all members of the committee in both houses who have spent many hours listening to testimony and considering divergent views about immigration policy.

It is rather distressing in society today that situations have arisen which feature divulgence of confidential information of this kind, or of other privileged information, to the media. I join with Senator Riel in expressing the concern felt by many people in public life over what is becoming, as Senator Grosart correctly pointed out, almost an established procedure. It is not necessarily a good or beneficial trend, however.

The suggestion put forward by the Leader of the Opposition, that the matter raised by Senator Riel is of concern to members of both houses, is a good one. We on this side of the house will await the statement by Madam Speaker tomorrow afternoon, at which time there will be an opportunity, if necessary, to continue our discussion of the issue.

Senator Croll: Honourable senators, since the reporter was not a member of the committee, I am wondering how he obtained the report—from which member or from which clerk. That, to me, is the more important aspect rather than the publication.

Senator Asselin: First make your investigation among the members of the committee.

Senator Croll: That to me is as important as the publication itself. We should give that aspect a little thought before we jump further into this issue.

Senator Grosart: My point is that if a committee, the government or anyone else, marks a document as being confidential, and someone finds it and publishes it, and we then call it a breach of privilege, that in my view, in terms of the situation today, would be nonsense.

[Translation]

Senator Riel: Let me mention, Madam Speaker, that I forgot to say that this joint committee is a non-partisan one. All its members agreed that this motion was to be introduced tonight. It was moved in the other place this afternoon with the unanimous support of all members and all parties in the House.

[English]

BUSINESS OF THE SENATE

Senator Perrault: Honourable senators, before the Orders of the Day are called, and with your permission, I should like to review very briefly the work done by the Senate to date in this First Session of the Thirtieth Parliament.

Some 59 bills have been received from the House of Commons, of which 50 have been government bills, eight public bills introduced by private members and one private bill. These bills have been studied and passed by the Senate and in due course have received royal assent.

In addition—and this is a fact which has escaped the attention of many Canadians, including certain members

of the media—27 bills have so far been initiated in the Senate this session, of which 18 have been government bills, four public bills introduced by private members and five private bills. Seventeen government bills have been passed by the Senate and sent to the Commons. One government bill has not been proceeded with on the recommendation of the committee to which it was referred, two public bills are still before the Senate and two have been referred to committee. The five private bills have now been passed by both houses and assented to. This is a creditable record by any parliamentary standard. And there is much to come.

As honourable senators know, public bills involving the expenditure of money cannot be introduced in the Senate, and there are certain policy measures which, traditionally, ministers have introduced in the other place. This has become standard practice, but, as the Leader of the Government here, I wish to assure honourable senators that I have made, and will continue to make, every possible effort to have the practice continued and extended of having many government bills made available to us for introduction here. Indeed, it is the intention of the government, following the successful work undertaken by the Senate so far this session, to continue the practice whereby a number of important measures are initiated in the Senate and referred to the Commons for further action.

As honourable senators are well aware, all of the work undertaken by the Senate is not done in this chamber.

Hon. Senators: Hear, hear!

Senator Perrault: For example, the volume and quality of the work undertaken by our select committees has been outstanding, not only in past sessions but during this session. In addition to its study of legislation, in recent months the Senate has authorized its committees to examine and report upon various matters of public concern and interest. The list includes competition in Canada; combines; television programming; U.S.-Canada relations—an important study now in progress—budget resolutions; income tax; manpower programs; agricultural questions, such as crop insurance; bankruptcy; the textile industry, and many other subjects.

Many of these efforts have gone “unhonoured” and “unsung.” Traditionally, senators do not seek honour, praise or publicity, but in justice there should be placed on record at regular intervals the useful work done by members of this chamber.

During this session, as well, the Senate has appointed members to sit on the Special Joint Committee on Immigration Policy, and we owe a great debt to those senators who have put in long hours on that committee and on other committees. I mention also the Special Joint Committees on Employer-Employee Relations in the Public Service, and the National Capital Region.

Honourable senators have played an active part on the Standing Joint Committee on Regulations and other Statutory Instruments. Amendments have been made to several government bills which have come before the Senate, notably Bill C-29, an Act respecting Canadian business corporations, to which the Senate made 27 amendments, all of which were accepted by the other place without change, significant criticism or further com-

ment. Those changes proposed by the Senate and accepted by the House of Commons represented the culmination of detailed and careful study by members of this chamber who brought to that legislation their experience, knowledge and dedication. As a result, the country will benefit very significantly.

During this session, as in the past, Senate committees have given careful consideration to all bills referred to them. I mention particularly the work done on Bill C-29 by the Standing Senate Committee on Banking, Trade and Commerce which, following careful consideration, proposed those 27 worthwhile amendments mentioned earlier.

● (2040)

Bill S-19, better known as the “Cannabis Bill,” as honourable senators are aware, was initiated in the Senate. It was studied over a period of many weeks by the Standing Senate Committee on Legal and Constitutional Affairs. Many briefs were filed with the committee and many witnesses were heard. The committee made proposals for changes in that measure—changes which, we believe, were of a beneficial nature.

There have been a total of 48 amendments made to bills which have come before the Senate so far this session—48 amendments ultimately accepted by the Commons—and yet I heard a badly informed commentator say the other day that the Senate does nothing but “rubber-stamp,” that it never changes anything. Well, perhaps it is time that we started telling the Canadian people exactly what is going on in this chamber.

Hon. Senators: Hear, hear!

Senator Perrault: Every one of those 48 Senate amendments was accepted by the other place—at times, I suspect, with great gratitude because of the strengthening and improvement they represented.

Senator McElman: Perhaps they will now call the House of Commons a rubber-stamp.

Senator Perrault: Of course, we all recall the pioneering effort of the Legal and Constitutional Affairs Committee during the hearings on the “Cannabis Bill” in permitting, for the first time in parliamentary history, the admission of television and radio broadcasting of the committee's proceedings, an experiment, which proceeded successfully and without any difficult aftermath.

To keep this a short presentation, may I say that there are already indications that the Senate will be just as busy during the balance of this session as we have been so far in the life of this Thirtieth Parliament. I want to thank all of those who have made this such a productive session so far for the Senate and for the parliamentary system. I thank you wherever you sit in the Senate, whether on the Opposition side or on the government side, and particularly we owe a great vote of thanks to the chairmen of the various committees, all of whom have exercised a special measure of devotion and dedication to the activities of the Senate.

Senator Walker: Would the Leader of the Government agree with my summing it up in this way: From what you have said, we are wonderful?

Senator Riel: Well said.

Senator Flynn: Perhaps after what Senator Walker has just said, I should remain silent—probably I should—but I

am not prepared to be silent. It is sometimes more difficult to remain silent than it is to speak.

The Leader of the Government is in a very buoyant and self-congratulatory mood this evening, so his voice is comparatively low. He is only loud when he has a bad case to defend, which is quite often. This evening he chose to review our accomplishments thus far in the First Session of this Parliament, and that was a good idea. I agree with him that our accomplishments have indeed been worthwhile.

During this session, as in others gone by, the Banking, Trade and Commerce Committee has studied bills simultaneously with studies carried out by the House of Commons. It is doing so now with the competition legislation and the bankruptcy legislation.

The purpose is to provide the Senate with an opportunity to study such bills and make recommendations thereon before the other place has finished its study, and then we sit back and hope the other place will accept our suggestions and not make a fool of itself. Sometimes it does accept, in which case it gets the credit and we get the satisfaction. We will have another opportunity in connection with the competition legislation, which is to come before the Senate shortly, to compare the bill as passed by the other place with the recommendations made by our committee.

Our National Finance Committee undertook a study of the Manpower Division of the Department of Manpower and Immigration, but has yet to report thereon. From looking at the list of departmental officials who appeared before the committee, I am tempted to conclude that one of the government's secret weapons against unemployment is to vastly increase the number of employees in the Department of Manpower and Immigration. However, I am willing to wait for the report before going any further on that.

The Legal and Constitutional Affairs Committee was the centre of attraction this session with its study of marihuana and whether or not its possession, use and sale should be legalized, or at least decriminalized. Although I may not be in complete accord with the final recommendations of the committee, I have to admit that I would like to see more bills of similar importance initiated in the Senate. I think the Senate did good work on this bill. We could have ended up sending the other place a better bill, but that would have required a Tory majority in the Senate, and no problem should wait that long for solution.

The Foreign Affairs Committee has been hard at work studying our relations with the United States. In the past, it studied our relations with the European Economic Community, with the countries of the Pacific, as well as Canada-Caribbean relations. It decided that perhaps we had better pay some attention to our closest neighbour; that although the United States has always been friendly towards Canada, it should not be taken for granted. For that reason, it initiated the study of Canada-U.S. relations. When the report is finished, bearing in mind the events of last week, hopefully there will be a chapter on how not to entertain American dignitaries for dinner!

The Agriculture Committee has done a good deal of work on the agricultural problems of Kent County, New
[Senator Flynn.]

Brunswick, and other problems facing the agricultural community.

The Transport and Communications Committee has rejected a bill, as was mentioned by the Leader of the Government, dealing with aircraft registry, and by so doing saved the country from legal chaos in that area. It also had a look at what the CBC offers as entertainment and found it wanting in some respects, although I am sure we really didn't require a Senate committee investigation to establish that fact. But there it is.

The Special Joint Committee on Immigration Policy has been busy, as has the Internal Economy Committee. Even Senator Connolly's Committee on the Clerestory of the Senate Chamber has been busy, but it has taken too long in bringing down its recommendations on how to improve the look of the Senate. So, the Prime Minister beat the committee to the punch, and appointed Senator Smith.

Seriously, it has been a productive session so far and I, for one, sincerely hope that the government will see fit to introduce even more legislation in the Senate, as has been indicated by the Leader of the Government. I would further hope that it will be important legislation, something that Senator Perrault and I can really scrap about.

I do not think I would surprise anybody by saying that I thoroughly enjoy my work in the Senate. I should probably say that I enjoy it in spite of the presence of so many Grits, but sometimes I think it is because of that very fact that I enjoy it so much. Not only do they provide vast quantities of comic relief, but they force the Opposition to be on its toes all the time, and my colleagues and I are not noted for backing down in the face of a challenge.

Honourable senators, I am glad to see all of you again, but I am especially glad to see Her Honour the Speaker who, at times, has come to my rescue. I hope she will keep up the good work.

[Translation]

Honourable senators, I am glad to be back and find you in excellent health. As far as the Opposition is concerned we undertake this second part of the session with a renewed wish to work very hard, especially because of the presence among us of our new colleague, Senator Smith and especially because dawn has appeared to break somewhere since last October 14, in the Hochelaga riding where electors from Quebec decided that finally the Conservative Party could be seen as an alternative—not only worthwhile but desirable—to this government.

● (2050)

[English]

CRIME AND VIOLENCE

PROPOSED SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, July 23, the debate on the motion of Senator McGrand that the Senate considers it desirable that a special committee of the Senate be established at an early date to inquire into and report upon crime and violence in contemporary Canadian society.

Hon. Chesley W. Carter: Honourable senators, I should like to say a few words in support of Senator McGrand's motion. Crime and violence is a continuing and worsening

problem, not only here in Canada but throughout most of the free world. I should therefore like to congratulate Senator McGrand, not only on taking the initiative in an effort to explore the causes and possible solution to this problem but also on his scholarly presentation when he opened the debate on this subject on May 14 of this year.

Because so much time has elapsed since then it may be well to refresh our memories by briefly reviewing some of the main points emphasized by Senator McGrand. He covered the subject so thoroughly that one can do little more than expand on the arguments he has already made.

One of the main points emphasized by Senator McGrand is our abysmal ignorance of crime and its causes. We spend millions upon millions in research on cancer, heart disease and other human ailments, but next to nothing on research into either human behaviour in general or the causes of crime and violence in particular.

Senator McGrand also pointed out the stark contrast between human behaviour and that of the lower animals, as well as between the behaviour of so-called modern man and his primitive ancestors.

He cited Dr. Anthony Storr, physician and psychologist, of London, England, Dr. Eric Fromm, the author of the book entitled *The Anatomy of Human Aggression*, and a number of other eminent authorities, to show that primitive man, like the lower animal, killed only to eat and showed little aggression to his neighbours, while the so-called modern man is the only primate that kills and tortures members of his own species without any reason—and derives satisfaction from doing so.

This contrast between modern man and primitive man indicates that crime, violence and other undesirable facets of human behaviour are characteristics which man has acquired along the long road to civilization.

It would be a contradiction in terms to say that crime and violence are products of civilization itself or of the civilizing process, even if they are regarded as negative products. It is, in my opinion, more accurate to regard them as products of the type of society we have developed.

This conclusion is borne out by the report of the National Commission on the Causes and Prevention of Violence and Crime, which was set up by the President of the United States in 1968 under the chairmanship of Dr. Milton Eisenhower.

This commission divided its research work into seven basic areas of detailed inquiry with a task force assigned to each area. These were as follows: (1) Task Force on Historical and Comparative Perspectives; (2) Task Force on Group Violence; (3) Task Force on Individual Acts of Violence; (4) Task Force on Assassinations; (5) Task Force on Firearms; (6) Task Force on the Media; and (7) Task Force on Law Enforcement.

In assigning terms of reference to the various task forces, the commission drew a distinction between what it termed legitimate violence—from a shooting in lawful self-defence to international violence in the form of warfare—and illegitimate violence. Each task force submitted its own report and recommendations, comprising together a total of 81.

In the course of its investigation the commission turned up some very interesting facts. For example, 26 large

cities, with a population in excess of a half-million each, accounted for over 50 per cent of violent crimes although they represented only 20 per cent of the total population. It found also that violent crimes were committed mostly by males in the age group of 18 to 24, followed closely by the age group of 15 to 17. The male homicide rate was five times the female rate, and robbery by males was 20 times as high as robbery by females.

It discovered also that by far the greatest proportion of crime was committed by repeaters, and not by one-time offenders. The number of hard-core repeaters was relatively small but was responsible for the largest proportion of crime. Its research showed that the violent offender, once released, if he recidivates at all, will most likely commit crime from two to three years after his release, and that the length of the sentence served bears no relationship whatsoever to the chance or the possibility of recidivating. In other words, criminals are being recycled. The same criminals are turning up over and over again, and a recent report indicates that the rate of recidivism is now nearly 70 per cent.

As for the crime of murder, the United States, with a population of 200 million people, averaged about 650 murders per year. By contrast, England, Germany and Japan, with a combined population of 214 million people, reached only 135 murders per year. The rates for robbery, rape, aggravated assault and other crimes were all significantly higher in the United States than in the countries mentioned.

● (2100)

The interim report was published in 1969, and the situation has worsened considerably since then. In one year, from 1973 to 1974, serious crime jumped 17 per cent. To bring the commission's statistics up to date, since 1961 the rates for all serious crimes in the U.S.A. have more than doubled. During the past 14 years, the rate of robberies has increased by 255 per cent, out of all proportion to population growth. During the same period, rape increased by 143 per cent, aggravated assault by 153 per cent, and murder by 106 per cent. FBI reports show that for serious crime there was an 18 per cent rise during the first three months of 1975.

Actual statistics calculated by three mathematicians at the Massachusetts Institute of Technology prove that homicide is increasing so fast in the larger American cities that 2 per cent of all babies born today will probably be murdered, and the actual figure may reach 5 per cent.

Since no such systematic study has been carried out in Canada, comparable and reliable statistics are difficult to come by. However, we do know that crime is on the increase in Canada and that, next to inflation, unemployment and poverty, it is probably our most serious national problem. It is clear, however, from the statistics that I have just mentioned, and the comparison of crime rates in the United States with those of European countries and Japan, that the criminal is not born, but made. He is the product of the type of society that we have developed, and since our Canadian society parallels so closely that of the U.S.A., even allowing for differences, Canadian crime rates and patterns are bound to parallel closely those of our neighbour to the south.

If, therefore, we are to look for the causes of crime and violence in Canadian society, we must study the changes that have taken place in our society and the influences that have produced those changes.

Among the contributing causes listed in the recent report were the usual ones of alcohol, narcotics, dangerous drugs, et cetera, but included also were such causes as public defiance of the law—disobedience with impunity of court orders and court injunctions by unions, organizations and protest groups—deterioration of home and family life; and rising expectations which are beyond the power of the economy to provide.

It was discovered that criminal conduct was much more likely to be found among the poor, the uneducated, the unskilled and the unemployed than among those higher up the economic ladder. However, all were agreed that the overall cause was the permissiveness that has characterized our society, particularly over the past three decades.

This permissiveness coincides with the changes in the moral values of our society which have accelerated over the past 30 years, and have been allowed to develop to the point where we actually have rejected the very values on which our society was founded and nourished.

This was stated very forcibly in an article by Claire Boothe Luce which appeared in the *Wall Street Journal*, and reprinted on page 5 of the *Vancouver Sun* of September 27, 1975. The article was in reply to an editorial in *Time* magazine which suggested that Miss Fromme, who attempted to assassinate President Ford, was "an amoral freak". The editorial went on the bemoan the fact "that such a liberal and free society should somehow generate a "sprinkling" of warped souls..." Claire Boothe Luce's reply, in part, was as follows:

To write of a "sprinkling" of warped souls is to ignore the fact that America is now producing a deluge of "warped souls" and amoral freaks.

The rise in this decade in juvenile muggings, armed robberies, rapes, car thefts, prostitution, drug peddling, drug-taking and alcoholism, is horrifying. In the most affluent society on earth, more than \$5 billion a year are purloined by youthful shoplifters. Youthful vandalism costs our society another \$7 billion annually.

Congress has just passed a \$40 million bill for fiscal '76 to study and prevent juvenile delinquency. But sociologists have begun reluctantly to face the appalling fact that the majority of juvenile crimes are committed just because they "feel good" and are "something exciting to do."

Secondly, it is no "paradox" that a society which has, helter-skelter, been abandoning its traditional Judeo-Christian moral values, is now producing demons. And to say that it has found no way of controlling them is to ignore the reasons why our "free and liberal society" is continuing to produce them in ever-greater numbers.

The parents, teachers and professors of today's Youth Rebels were in their cradles when the intellectuals proclaimed "the death of God," the "Old Man" of the entire Judeo-Christian tribe, and began to scrap the moral standards by which Western society had

judged right and wrong, good and bad, desirable and undesirable human conduct for centuries. The parents, naturally enough, became "permissive."

But their children were also in their cradles, when—in the sacred name of free speech—the liberal intellectuals defended, in the Supreme Court, the right of publishers, play and film producers to flood America with filth. The merchants of porn, grue, perversion and violence became millionaires. The kids who were nurtured on them are today's hop-heads and alcoholics, fire-bomb throwers and thrill-killers.

Nor did the counter-culture kids invent the idea that crime—when it is not a form of "mental illness"—is a form of social protest. The liberal politicization of crime and its causes was in the air that the counter-culture kids breathed from birth.

In the liberal view that prevailed among their elders, although "crime" existed, there were no criminals—only "sick" people, and misguided "reformers", driven to commit their acts of protest by the political forces, generally identified as "conservative," who lack "compassion"... for the "sick", the alienated, and the under-privileged.

The article continues:

Lynette Fromme was in her teens, and Patty Hearst in the sub-teens, when the intellectuals were praising the idealism of the burgeoning Youth Movement. The students who rioted at Berkeley for the right to use themselves the four-letter words used in the novels they were given to read in their English Lit. classes, were being seen as defenders of the First Amendment. The students who cut classes that bored them were only demanding a "relevant" education.

The lads who burned their draft cards and destroyed ROTC buildings were enlightened patriots. The lads and lassies who shackled up together in the dormitories against rules were discarding the obsolete taboos of puritanism, and the last vestiges of Victorian sexual hypocrisy. Altogether, the youth rebels were creating a "New Morality" and a "New Politics."

The writer of this article then refers to the appearance, by invitation, of Jerry Rubin on the campus of the University of Hawaii in 1970. He counselled his student audience to stiffen their resolve to destroy the Establishment by killing their mothers and fathers. He also enjoined them to avoid the use of soap—a long-haired, dirty appearance and scruffy clothing were to be the uniform of the Youth Revolution.

● (2110)

She observes also that there was no real protest from the faculty of the University of Hawaii. The faculties of most American universities, the higher educators, did not—and do not now—figure that they have any responsibility for criticizing, no less forming, the moral judgments of their students. On the contrary, American faculties practice what they preach to their students, which is the avoidance of "value judgment."

Then after observing that humanism has become the dominant philosophy of our educators, that its dregs are the ideas of the counter-culture, she winds up her article as follows:

We deceive ourselves if we fail to see that the counter-culture thrust is not towards reform, or even social revolution. It is towards terror and nihilism, violence and anarchy. Its impact upon American youth is not receding—it is growing.

And not the least of the reasons is that, in America, nothing still succeeds like success. In our increasingly existential world, "instant fame"—or notoriety—is the goal. To be a success is to be a media celebrity. The more brutal and bizarre, the more terrible and sexually titillating the act, the more attention the media pays its perpetrator.

She concludes the article with this very telling statement:

Elizabeth Seton, the first native American to be canonized as a saint, couldn't make the cover of *Time*. But Lynette Fromme made it.

It is getting late.

Since the end of the First World War, throughout the whole free world and particularly in North America, there has been a growing concentration on material possessions as a means of attaining happiness. As the emphasis on material values increased, the emphasis on spiritual values declined to the point where a large section of our society has rejected them altogether. In other words, quality of life has been exchanged for a standard of living. Success has been portrayed in terms of acquisitiveness, and acquisitiveness has led to a renewed emphasis on aggressiveness as a desirable human trait—especially in the male. Aggressiveness has been encouraged not only in society at large, but also in the school and even in the home.

The decline in the emphasis on spiritual values and moral principles has resulted in a diminished sense of individual responsibility, particularly in the home which is the basic unit of society. Spiritual values are to a society what vitamins are to the physical body. Without vitamins the body cannot be healthy, no matter how great or how extensive the quantity of food absorbed, and without spiritual and moral values we cannot have a healthy society. Our North American society is the most affluent society in the world, but it is very clear that affluence and acquisition of material things have not brought happiness. However, the real tragedy is that in the process of rejecting spiritual values and substituting material values for them, we have lost our sense of right and wrong.

This aspect of our sick society is dealt with in a recent book by Carl Menninger entitled *Whatever Became of Sin?* Chapter 8 of this book is headed, "The Old Seven Deadly Sins (and Some New Ones). On page 133 he asks this question:

What is this "sinning" that seems real in private but which gets swiftly and successfully swept under the rug in public discussion? What are those mortal sins, the classical seven of olden times, that stood firm for so many people for so many centuries? Are they gone?

What about the famous Ten Commandments? They have been a basic guide for many more centuries. We learned them by heart once.

On the next page, he answers the question in this way:

The forms of sin in the traditional list of seven were envy, anger, pride, sloth, avarice, gluttony, and lust.

He mentions the variations in the list that have occurred down through the ages, and observes that curiously—to our thinking today—none of the lists included dishonesty, vindictiveness, cruelty, bigotry, or infidelity, and goes on to say:

If we translate the official names of the cardinal sins into their approximate equivalents in modern speech, they begin to sparkle with relevance.

Remember, as we run down each of these individual acts or attitudes, which for convenience we will refer to as sins, that each is not THE sin per se, but only a form or expression of it. Sin is not against rules, but against people—and it is the "against-ness" or aggression in the intent or motivation that constitutes the designation."

Scripture refers to sin as a disease. A sinful society is a sick society—a society that has destroyed its signposts and its guidelines. Such a society does not know where it is going or where it wants to go because it has no fixed point of departure and no true compass to steer by.

A sick society is a confused society. It cannot fully comprehend basic causes of crime and violence and, therefore, it lacks the ability to develop a proper solution, and lacks also the will to enforce such solutions as may be found. Instead of dealing with root causes it concentrates only on the symptoms, and falls back on punishment as the only solution.

Crime and violence call for an answer that goes beyond linguistic, cultural, economic and social barriers. A well structured society resembles a woven fabric. In a good fabric each thread has its place and supports the other threads, as it is supported by them. Our society today is more like a sand castle, which can only keep its form with the pressure of an outside force.

It has been estimated that in the United States the cost of crime amounts to some \$75 billion per year. On a proportionate basis Canadian crime must be costing some \$5 billion to \$7 billion per year. Crime and violence is, therefore, a huge national problem both from the economic and the social standpoint. It is a problem that cries out for the kind of investigation that the Senate can provide, and for that reason I have much pleasure in supporting the motion.

On motion of Senator Petten, debate adjourned.

PUBLIC BILLS**MOTION TO SUSPEND RULES DROPPED**

On the Motion:

That until Parliament adjourns for the summer recess, Rules 44, 45 and 78 be suspended insofar as they relate to public bills.

Senator Langlois: Honourable senators, may I ask that the motion standing in my name be removed from the Order Paper?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion dropped.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 22, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Miss Bégin had been substituted for that of Mr. Stollery on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Department of National Revenue containing Tables and Statements relative to Customs, Excise and Taxation for the fiscal year ended March 31, 1975, pursuant to section 5 of the *Department of National Revenue Act*, Chapter N-15, R.S.C., 1970.

Report of the National Arts Centre Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 17 of the *National Arts Centre Act*, Chapter N-2, R.S.C., 1970.

Report of the Canadian Film Development Corporation, together with the Report of the Auditor General on its accounts and financial statements, for the fiscal year ended March 31, 1975, pursuant to section 20 of the *Canadian Film Development Corporation Act*, Chapter C-8, R.S.C., 1970.

Report respecting receipts and expenditures under Part V (Sick Mariners) of the *Canada Shipping Act* for the fiscal year ended March 31, 1975, pursuant to section 306 of the said Act, Chapter S-9, R.S.C., 1970. *Nil Return.*

PRIVATE BILL

EASTERN CANADA SAVINGS AND LOAN COMPANY AND CENTRAL & NOVA SCOTIA TRUST COMPANY—FIRST READING

Senator Barrow presented Bill S-29, to enable The Eastern Canada Savings and Loan Company and Central & Nova Scotia Trust Company to amalgamate.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Barrow moved that the bill be placed on the Orders of the Day for second reading on Friday next.

Motion agreed to.

FOREIGN AFFAIRS

HELSINKI DECLARATION—QUESTION

Senator Forsey: Honourable senators, I should like to ask the Leader of the Government whether it is the intention of the government to afford the Senate an early opportunity of considering the Helsinki Declaration on European security and co-operation.

Senator Perrault: While it is not the intention of the government to proceed in a formal way to consider this subject, we would certainly welcome the initiative of any honourable senator if he wishes to advance a resolution or notice of inquiry with respect to it.

THE CANADIAN ECONOMY

STATEMENT BY PRIME MINISTER RE ANTI-INFLATION LEGISLATION—QUESTION

Senator Flynn: Honourable senators, may I ask the Leader of the Government for a complete explanation of the statement made by the Prime Minister to the effect that he would not withdraw the right to strike, but that if anyone were given an increase above the guidelines provided in Bill C-73 it would be immediately taken away by taxation or otherwise?

Senator Perrault: Honourable senators, I shall certainly endeavour to obtain a clarification of the reported remarks of the Right Honourable the Prime Minister. I understand that the statement attributed to the Prime Minister appeared in the media, but I have seen no formal statement in that regard.

While I am on my feet I should like to state once again that it is the intention of the government to establish guidelines which are going to be equitable for all sections of society. The Prime Minister, if he was quoted accurately, appears to have simply reinforced the statement made on Thanksgiving evening that those people who choose to violate the guidelines will be resisted by the government, and by the anti-inflation measures advanced by it.

COMBINES INVESTIGATION ACT

BILL TO AMEND AND TO REPEAL—SECOND READING— DEBATE ADJOURNED

On the Order:

Second reading of the Bill C-2, intituled: "An Act to amend the Combines Investigation Act and the Bank Act and to repeal an Act to amend an Act to amend the Combines Investigation Act and the Criminal Code".—(Honourable Senator Perrault, P.C.)

Senator Godfrey: Honourable senators, I rise on a question of privilege.

When I made my maiden speech in this house in December of 1973, I spent some considerable time discussing the problems of a senator, who was a partner in a corporation law firm, with respect to conflict of interest respecting legislation being considered in this house which might affect his clients. With regard to this particular legislation, Bill C-2, which is about to be debated, I should like to say that before I was appointed to the Senate I was active in the preparation of briefs, on behalf of clients of my firm, addressed to the minister concerned. Under the circumstances, I feel that I should make a public declaration of what I consider to be my conflict of interest, and state that I will not be participating in the debate, or in any of the votes or discussions in committee arising from it.

Hon. Eric Cook: Honourable senators, I move second reading of the bill.

The Hon. the Speaker: It is moved by the Honourable Senator Cook, seconded by the Honourable Senator Paterson, that the bill be now read a second time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Cook: Honourable senators, in these sophisticated days the average consumer is subjected to all sorts of pressures and inducements by merchants and others who are selling goods and services. Sometimes these pressures and inducements go far beyond that which is honest and fair. It is therefore right and proper that the law should be extended and expanded in order to protect, as far as it is possible to do so, the average man or woman from improper and fraudulent practices.

The general thrust of Bill C-2 is to amend the Combines Investigation Act in order to afford greater protection to the consumer. I feel sure no one would disagree with this.

In my view the Senate has a great responsibility when dealing with legislation of this nature. I say this because it seems to me that there is a tendency for those who draft legislation creating new offences to make the language all-embracing and too wide. Because of what is perhaps a commendable desire to make sure the guilty do not evade the law, they may go too far and deprive those who are not guilty of their right to establish their innocence. It seems to me, therefore, that even if we approve of the changes to be made by this bill, it is for the Senate to weigh very carefully the language used in every section, and to satisfy ourselves that the law will not have the effect of sometimes convicting those who never had any intention of committing an offence.

In this respect I am happy to be able to advise honourable senators that already much has been done to discharge the Senate's responsibility. On October 16, 1974, on the motion of Senator Hayden, the Hayden formula was once again invoked, and the subject matter of Bill C-2 was referred to the Senate Standing Committee on Banking, Trade and Commerce for study.

● (1410)

During what I might refer to as the committee's unofficial consideration of the bill, the committee held 19 meetings, heard 19 groups and considered 40 briefs. I refer to this as the committee's "unofficial" consideration of the bill because should Bill C-2 receive second reading, then it will go in the normal way to the Standing Senate Committee on Banking, Trade and Commerce for official consider-

ation. As a result of the committee's unofficial consideration, as all honourable senators are aware, two reports were made suggesting a number of amendments. The first interim report of the committee stated that the committee's study of amendments proposed by the minister indicated that a reasonable attempt had been made to meet many of the criticisms of the proposed legislation as outlined in various submissions. The report also noted that the minister had indicated he might propose further amendments to the bill. In the result it might be said that the bill now before us incorporates the substance—in whole or in part—of a number of the more important amendments proposed by the Senate committee.

Honourable senators, it would not serve any useful purpose at this time for me to comment further on the nature and extent of these amendments. If this were to be done at this particular stage of the bill, then it could probably be better done by the chairman of the committee. In addition, if the bill receives second reading it will be referred for further study to the Standing Senate Committee on Banking, Trade and Commerce where all amendments now recommended or new ones to be proposed may be studied in detail and be fully covered in the final report of the committee.

Honourable senators, I shall now endeavour to explain as briefly as possible the main clauses of this bill. I say "the main clauses" and "as briefly as possible" because it seems to me that this is very much a committee bill, and if I were to attempt to go into too much detail, then, long before I had finished, our colleagues, the Whips, would be hard pressed to provide a quorum in the chamber.

The three main features of the bill are:

1. The extension of the Combines Investigation Act to service industries which, with but a few exceptions, are not at present covered.

2. The strengthening of provisions which deal with misleading advertising, and providing new protection to consumers against other unfair or dishonest selling practices.

3. Granting the Restrictive Trade Practices Commission the power to review certain trade practices which, in some circumstances are perfectly legitimate but which, in other circumstances, have serious adverse effects on competition, such practices being:

- (i) refusal to deal,
- (ii) consignment selling (when used to thwart the price maintenance ban),
- (iii) exclusive dealing,
- (iv) tied selling,
- (v) market restriction,
- (vi) implementation in Canada of foreign judgments, laws and directives.

Let me say a few words first on the extension of the act to services. The act now applies, with only one or two exceptions, to dealings in goods. Thus, for example, retailers of goods are currently subject to the act. However, a wide variety of activities which do not involve dealing in goods are exempted by the present wording. Lawyers are exempted whereas pharmacists are not, since the latter deal in goods. Parts of the construction industry are

exempted whereas other parts are not. In all cases the test is whether or not they deal in goods.

Bill C-2 amends the present act to remove the distinction between goods-related activities and solely service activities. Henceforth, virtually all commercial activities will be subject to the act as amended, unless they are subject to government regulation. The exemption for regulated activities is not stated in the bill, nor in the existing act, but arises from past judicial interpretation of the act.

It will be noted that bona fide trade union activities are specifically exempted, since these activities are governed by federal and provincial labour laws. Banks are covered in the bill by appropriate amendments to the Bank Act. The inclusion of services is a most important aspect of the bill, since it will bring approximately 20 per cent of the gross national product within the competition laws of the country for the first time.

Next, the bill will make bid-rigging—that is, the practice of entering into agreements to refrain from bidding on tenders, or submitting tender prices arrived at by collusion—an offence without further proof of the intention or effect of this practice. These provisions are primarily designed to protect the public interest in competition. There is another provision which also has this object as its purpose, and that is the redefinition of the word “unduly”. The present law states that for a collusive agreement to be illegal it must be proven that the agreement prevents or lessens competition unduly.

However, in some cases in recent years the courts have interpreted the word “unduly” to mean the complete or virtual elimination of competition in the relevant market. It is argued that cases can and do arise in which competition is lessened to an extent that is obviously detrimental to the public, but which might not meet the full test of complete or virtual elimination of competition. The bill proposes, therefore, that in order to prove that an agreement prevents or lessens competition unduly it would not be necessary to establish complete or virtual elimination of competition in the market. In other words, the amendment would make clear to the courts that Parliament does not intend the more rigorous interpretation, which has been a matter of argument in the courts for some years, to be the one applied.

The second main feature concerns misleading representations. The bill considerably broadens the present provisions dealing with misleading advertising respecting comparative prices. Section 36 of the act as it presently exists relates exclusively to misleading statements about prices used to demonstrate purported savings in the sale of articles. The present section 37 is limited to the prohibition of publication of advertisements containing statements that are untrue, or misleading, or that are intentionally so worded as to be misleading.

These sections are consolidated in the proposed new section 36, and are strengthened in a number of important respects. For example, the proposed new section 36 applies not only to advertising, but to any representation to the public to promote the sale of goods or services that is misleading in a material respect. Moreover, under the new provisions, the general impression created by representations, as well as their literal meaning, would have to be

taken into account by a court in determining whether they are misleading.

However, in strengthening the sections on false and misleading advertising, account has been taken of the position of retailers in selling goods with descriptive labels attached by the manufacturer. The section is phrased so as to make the supplier, rather than the retailer, liable for such representations.

● (1420)

Section 36.1 makes it an offence to represent that any product had been tested as to performance, efficiency or length of life, or to publish a testimonial about it, unless the advertiser can show that such representation was made or testimonial was published by the person to whom it is attributed, or that approval was given by that person in writing for the advertiser to publish it.

Among other measures to protect the consumer in the market place, the bill contains provisions respecting double ticketing, pyramid selling, referral selling, bail and switch selling, sales above advertised price, and promotional contests.

Section 36.2 prohibits what has come to be known as double ticketing. There have been a great many complaints by consumers about finding two different prices on an article, and being charged the higher one. Consumers have felt that merchants should not place higher priced stickers on the goods already in stock. There is, however, nothing in the bill to prevent a merchant from applying higher or lower prices to goods which he has not yet marked.

Section 37.1 prohibits selling goods at a price above the advertised price. In other words, if a merchant advertises a product at a particular price, he must not sell it at a higher price during the period to which the advertisement relates. However, the section makes certain allowances. If the price was in a catalogue which states prominently that the prices are subject to error, then it is open to the issuer to establish that the price was stated in error. If the price was in an advertisement, the seller is protected if he immediately issues another advertisement correcting the first one.

Finally, as part of the consumer protection provisions, the bill would strengthen the existing prohibition in resale price maintenance. Resale price maintenance keeps selling prices higher than they would otherwise be by eliminating competition at wholesale and retail levels.

One of the ways the bill strengthens the present law is to make it an offence not only to require a customer to resell a product at a specific price, but also to make any attempt to influence a price upwards or discourage the reduction of a price.

Lastly, a word on business practices subject to review by the Restrictive Trade Practices Commission. In its Interim Report on Competition Policy, the Economic Council of Canada recommended that particular practices be subject to review by a proposed tribunal, and prohibited if found detrimental to the public interest. In recommending that that particular situation be brought under some form of civil legislation rather than under criminal prohibition, the council recognized that the practices in question are not bad in themselves and could have either

good or bad effects on competition. Therefore, Bill C-2 would empower the Restrictive Trade Practices Commission to review particular situations of refusal to deal, market restriction, tied selling, exclusive dealing and consignment selling.

It is because these practices can result in some advantages that the bill departs from the criminal law technique of prohibition. However, the complaint files of the Director of Investigation and Research and other evidence have established that the reviewable practices do, in many circumstances, lead to abuses over which some form of control is required. Indeed, many of the complaints have come from small businessmen.

The Restrictive Trade Practices Commission would not be empowered to initiate reviews itself, but would deal only with cases brought before it by the Director of Investigation and Research under the Combines Investigation Act. Any person whose practices are under review would be assured of full opportunity to be heard.

Appeals from decisions of the commission would, pursuant to the Federal Court Act, be to the Appeal Division of the Federal Court. There are grounds for appeal if the commission failed to observe a principle of natural justice or otherwise acted beyond, or refused to exercise, its jurisdiction; if it erred in law in making its decision or order; or if it based its decision or order on an erroneous finding of fact that it made in a perverse or capricious manner or without regard for the material before it.

Another new provision which should assist small businessmen is the proposal that anyone injured by a violation of the act would be able to sue for full damages and costs.

I should also mention that the Restrictive Trade Practices Commission will be given the jurisdiction to make orders to forbid the implementation in Canada of foreign judgments, laws or directives where it finds them to be contrary to the Canadian public interest. This would include such matters as their effects on Canadian trade and industry. The bill proposes that the Director of the Combines Branch would have authority to bring such situations before the commission, and where the orders are not obeyed this would be grounds for criminal prosecution.

The bill grants the Attorney General of Canada and the provincial attorneys general the power to seek interim injunctions to prevent the repetition or continuation of alleged offences against the act until main issues are settled by the courts.

The bill brings professional sports under the ambit of competition laws with a special prohibition against unreasonable arrangements among member clubs of the same sporting league. However, the courts must take the par-

ticular relationships among the clubs of a league or between leagues into account in applying the prohibition.

Finally, the bill would allow the Director of Investigation and Research to appear before federal regulatory boards and commissions where matters relating to competition are in issue.

I hope I have in broad and brief terms outlined the provisions of the new sections and the main purposes of Bill C-2. As already stated, following this debate, and if the bill receives second reading, I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce for further study and review.

Honourable senators, I have one last comment to make. At the commencement of the summer break I left in my office, neatly or otherwise arranged, piles of books, papers and what not relating to the various subject matters and committees in which I have an interest. Upon my return those piles of papers were mixed up one with the other, and chaos reigned. Therefore, when I was assigned the task of introducing Bill C-2 I had to turn to the Department of Consumer and Corporate Affairs for help.

I should like to express my thanks and appreciation to Mr. T. D. MacDonald, Q.C., who has been working on the bill as a consultant, and Mr. L. A. W. Hunter of the department, for the assistance they gave me. These two gentlemen came to see me on Friday afternoon last, and because I pressed them to give me the necessary material so that I might review it over the weekend and prepare these remarks, they very kindly gave up their Saturday holiday. By 4.30 on Saturday afternoon they had supplied me with all the information and material necessary for me to be able to speak to the Senate today.

Senator Walker: The honourable senator has made a grand speech, but I am wondering if his wife really did throw out all his material.

Senator Greene: Honourable senators, would Senator Cook permit a question? I wonder if he could say whether or not the exemption pertaining to combining for export purposes is being maintained.

Some of our exporters are in a very unfavourable position in the world markets by reason of too strict an application of the principles of the Combines Investigation Act. There are times when it is in the Canadian national interest to combine for export purposes. Is this exemption maintained under the new act?

Senator Cook: I would not like to be absolutely dogmatic, but I think the bill pertains only to the Canadian consumer, and, therefore, an export combine would not come within its ambit.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 23, 1975

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Auditor General's report to the Solicitor General on the examination of the accounts and financial statement of the Royal Canadian Mounted Police (Dependants) Pension Fund for the fiscal year ended March 31, 1975, pursuant to section 55(4) of the Royal Canadian Mounted Police Pension Continuation Act, Chapter R-10, R.S.C., 1970.

BUSINESS OF THE SENATE

On the Notice of Motion for Adjournment:

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, October 28, at 8 o'clock in the evening.

Honourable senators, before the question is put, I would like to give a brief outline of the work schedule for next week. I shall deal first with the committees.

On Monday, there will be a meeting of the Special Joint Committee on the National Capital Region. On Tuesday, the Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m. The Standing Senate Committee on Legal and Constitutional Affairs will meet at 2.30 p.m. to consider the Green Paper on Conflict of Interest, and the Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 8 a.m.

On Wednesday, the Standing Senate Committee on Banking, Trade and Commerce has scheduled a meeting for 9.30 a.m. to continue the advance study of Bill C-60, the Bankruptcy Act.

On Thursday, the Special Senate Committee on the Clerestory of the Senate Chamber will meet at 10 a.m. The Special Joint Committee on the National Capital Region will hold a meeting at 11 a.m., and the Joint Committee on Regulations and other Statutory Instruments will meet at 3.30 p.m.

In the Senate, we will continue with the second reading of Bill C-2, the Combines Investigation Act, and proceed with the debate on the White Paper entitled "Attack on Inflation—a program of national action", as well as other items on the Order Paper. In addition, we can expect that at least one bill will reach us from the other place before Tuesday next.

Motion agreed to.

CANADIAN WHEAT BOARD

ADJUSTMENT PAYMENTS TO GRAIN PRODUCERS—QUESTION

Senator Sparrow: Honourable senators, I have certain questions that I wish to ask the Honourable Leader of the Government in the Senate. By way of preface, I should point out that there is an adjustment payment owing by the Canadian Wheat Board to producers who have delivered wheat, oats, barley and Durum wheat to date in the 1975-76 crop year which began on August 1, 1975. My questions are as follows:

1. What is the amount that will be paid for each of the grains?
2. When will the cheques be available for distribution?
3. If there is no mail delivery due to the postal strike, when the cheques are available is there any provision made to have the cheques distributed other than by mail?
4. Is a producer or representative of that producer allowed to pick up a cheque when ready at the office of the Canadian Wheat Board in Winnipeg?
5. Would it be possible to have this chamber informed when the cheques are ready for distribution and what provision will be made for delivery of those cheques?

Senator Perrault: Honourable senators, first of all I should like to thank Senator Sparrow for having given me prior notice of his detailed and important question. As a result of his notice, I have been able to obtain most of the information he seeks. The answers are as follow:

1. Amount of adjustment payment for each of the grains is as follows: Wheat, \$1.50 per bushel; Oats, \$0.10 per bushel; Barley, \$0.30 per bushel; Durum, \$2.00 per bushel.
2. Cheques will be available in about a month.
3. Because cheques will not be available for a month, no arrangements have yet been made for distribution if there is no postal delivery.
4. Only with sufficient identification—payment book and driver's licence or birth certificate.

NATIONAL DEFENCE ACT AND CRIMINAL CODE (TOTAL ABOLITION OF CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Argue, seconded by the Honourable Senator O'Leary, for the second reading of the Bill S-23, intituled: "An Act to amend the National Defence Act and the Criminal Code (total abolition of capital punishment)".—(Honourable Senator Prowse).

Senator Prowse: Stand.

Senator Choquette: Honourable senators, if this item is standing, and since Order No. 3 is in somewhat similar terms, is it not now purely an academic exercise to discuss these matters since we have been told by Mr. Allmand that he intends to present a bill to bring about total abolition of capital punishment? Could it not be considered as a matter of just filling time to discuss these items?

Senator Robichaud: Honourable senators, may I volunteer a statement on these two orders? It is my understanding that legislation will be introduced in the other place some time in the middle of November in connection with this subject, and this would certainly affect the two orders which we have at the present time on the Order Paper for this chamber. I might suggest that we stand these orders for a period of, let us say, a month, and in that way they will not of necessity have to appear on the Order Paper day after day. I make this suggestion in the hope that it will be agreeable to honourable senators.

Senator Flynn: It all depends. Order No. 2 stands adjourned in the name of Senator Prowse, and any motion to adjourn this debate for one month should be made by him. If he suggests that this course be followed, I am willing to do so with respect to Order No. 3, which stands adjourned in my name.

Senator Prowse: Honourable senators, I would move that Order No. 2 be set over until November 29, or some suitable date around that time.

Senator Robichaud: Honourable senators, I move that Order No. 3 stand until Tuesday, November 25, if that is agreeable.

The Hon. the Speaker: Honourable senators, is it agreed that Orders Nos. 2 and 3 stand until Wednesday, November 26?

Hon. Senators: Agreed.

THE CANADIAN ECONOMY

ATTACK ON INFLATION—DEBATE ADJOURNED

● (1410)

Hon. Raymond J. Perrault rose pursuant to notice:

That he will call the attention of the Senate to the White Paper entitled: "Attack on Inflation—a program of national action," together with a booklet giving the highlights of the government's anti-inflation program, both dated October 14, 1975, tabled in the Senate on Tuesday, October 21, 1975.

He said: Honourable senators, I welcome this opportunity to initiate discussion in the Senate on the White Paper which has been prepared and presented by the government, entitled "Attack on Inflation—a program of national action." This policy statement was tabled in this chamber on Tuesday, and in the other place on October 14. Honourable senators will recall Thanksgiving evening, when the Prime Minister addressed the nation on the problem of inflation. He pointed out in that notable address that Canada is in the grip of very serious inflation—

Senator Flynn: That was news!

Senator Perrault: —a fact, I believe, known to most Canadians. The White Paper in its introduction states:

If this inflation continues or gets worse there is a grave danger that economic recovery will be stifled, unemployment increased and the nation subjected to mounting stresses and strains.

It has thus become absolutely essential to undertake a concerted national effort to bring inflation under control.

[Translation]

Of all evils that afflict our society, inflation is now without doubt the most intolerable and the most insidious.

It is the most intolerable because, more than any other, it exacerbates social injustices by attacking first of all the weakest and the poorest of our citizens, those who live on fixed incomes, those who see their life savings melt like butter in a saucepan; finally, those who are not in a position to protect their purchasing power because they are in no way able to unite to defend their rights to an adequate income.

It is also the most insidious evil because we tend to consider inflation as a fatality against which we are helpless, except to save our own skin by sacrificing our neighbour's.

[English]

We are still in the first week of the government's anti-inflation policy program, but I suggest that we are moving quickly.

Senator Flynn: Who is moving quickly?

Senator Perrault: I understand that this afternoon progress has been made with the ministers of finance of the various provinces. Shortly before I entered the chamber I was informed that a broad consensus has been achieved with respect to the provinces.

Some Hon. Senators: Hear, hear!

Senator Perrault: That is certainly a most encouraging development for this nation, because inflation is no respecter of political labels or parties. It affects mostly those unable to protect themselves—those on fixed incomes; those senior citizens who earned a dollar when a dollar was worth a dollar and who now find every day that their example of prudence and good citizenship is being translated into an ever-diminishing purchasing power.

Senator Flynn: Who said that before you?

Senator Perrault: In terms of the 1946 dollar, today's dollar is worth 38 cents. If in 1975 we do not act together as Canadians regardless of party, the 1946 dollar will be worth precisely nine cents 10 years from now.

It seems to me that when we are experiencing this kind of trend, it affects not only the purchasing power but also the very fabric of society. It has a demoralizing effect, especially on the majority of those who pay their taxes and are law-abiding. There are good people in our communities, wherever we may live. Inflation which goes uncorrected affects our very social system.

This is a time when Canadians in every walk of life are asking questions about the policy, and how that policy will affect them in their lives and work. The details

legislation will be in this chamber in due course, depending on the number of questions asked by the Opposition and Government members in committee in the other place. We shall then have an opportunity of studying the bill.

I shall attempt, in my brief remarks, to describe some of the main themes and purposes of the White Paper now under discussion.

Since the benefits of restraint are long-term and the economic effects of non-restraint are relatively complicated, the government feels that, first of all, Canadians must take a crash course in the economic facts of life, and, more specifically, that we have to do our best to understand not just the new policy but also the nature of the economic conditions which have brought that policy into being.

Part of the task has to be an attempt to dispel myths and misconceptions about inflation and its origins. It is important above all to understand the potential of individuals to affect the issue and to comprehend the extent of the government's capacity to control some of those limits spelled out in the White Paper, which all of us have read.

Inflation, of course, is the result of not just one but many scattered and converging forces. Not all, or even nearly all, originate in Canada. Not all are within the capacity of the Government of Canada, or, indeed, the capacity of the individual provincial and municipal governments, to control by decree. Those critics who suggest that inflation is a domestic phenomenon which is within the capacity of any government to control are doing no service to the country at the present time by perpetuating that belief. That is economic and illogical mischief.

Senator Flynn: Who said that?

Senator Perrault: Some of the hurricane force of inflation in our time was originally generated by decisions and actions taken by sovereign governments in other areas of the world, the raising of energy costs by the OPEC nations, for example, being one which produced spectacular economic effects around the world. Certainly the OPEC action affected Canada.

● (1420)

But there are other causes of inflation, including that of having to live in a finite, increasingly crowded world, and the absence of matching growth and productivity. The pressures of population and income growth have meant real scarcities—scarcities which translate into higher prices at many points from the commodity markets to the retail cash registers.

There are other influences which we can truthfully define as beyond our control now—that amount of inflation, for instance, resulting from earlier errors made in the human story. The piper must be paid for various kinds of neglect, and I cite as examples here the neglect of our environment and the reckless waste of resources.

Having accepted the reality that some of the forces are not immediately manageable, we should also recognize that some of the sources are controllable; that in many respects we are in command of our destinies. One of the most prominent of these alterable factors is that of human attitude itself. There is a portion of inflation which traces its origin, not to bad weather, crop failure, or foreign price hikes—we often cite these as some of the main reasons—but to the human mind, the inflationary psychology. There

has been a substantial change in that human psychology in the past 12 or 14 months.

Senator Flynn: Since July 1974, do you mean?

Senator Perrault: Prior to the elections of 1972 and 1974. We could easily point to the drought in North Africa, the floods in the Soviet Union, and commodity scarcities throughout the world, and say that Canada, as a very major exporting and importing nation, could not be unaffected by price escalations caused by shortages.

In recent months we have seen the phenomenon—and I think we must all admit this—of people wanting not only a catch-up in their wage packets to keep pace with the cost of living, but also a buffer against what they presume will be a disastrous inflation rate continuing into the future; they want protection against that possibility. This is where the psychological factor is of such critical importance at the present time, and why it has assumed such major dimensions in recent months. When workers in any sector of the economy ask for 75 per cent increases, 50 per cent increases, or 30 per cent increases, without any reference whatsoever to productivity, the gross national product, or the inflation rate, it simply means that governments must act. Such demands indicate that we are on a disaster course, and I think we must all agree on that. It is not merely a matter of wage earners, hourly paid workers, asking too much; there are sins of omission and commission in other parts of the economy.

Economic well-being is ultimately the product of certain human qualities, the most important of which is confidence. I think it was President Roosevelt who, in the depth of the great depression, told his countrymen, "We have nothing to fear but fear itself." That was in the Inauguration Address, I think, of 1932. At that moment in history, the economic manifestation of fear was inertia, a seizing up of the economic machine, and a descending spiral of economic vitality towards zero. In our time, the problem is not paralysis, as it was then, but runaway prices and a shrinking of the buying power of money. Here, too, fear is implicated—the old bogies of pessimism and apprehension, and decisions framed in these moods.

We have undergone, in a sense, a sort of revolution of apocalyptic expectations about the future. Shocked by dramatic price increases, powerful elements of society in Canada and elsewhere reacted, not only to the real and current problems but to the dire predictions of the gloomiest soothsayers. This response had its most serious initial effects in the actions of the largest and most powerful groups in our society, the largest companies and the powerful unions—the most powerful sectors in the economy—and the effect was transmitted, eventually, to all sectors.

To put it simply, here, as in many other countries, the response seems to have been a self-defeating overkill. As one escalation followed the other, at a tempo and on a scale unmatched in living memory, the basis for confident planning and for reasonable restraint was removed. Society set out not only to catch up with the runaway horse but to leave it far behind. It has been, as I feel sure honourable senators will agree, most futile as an exercise, for these increases, unaccompanied by sufficient increase in productivity, have done nothing to improve our economic well being.

In the process of trying to inflate ourselves out of inflation, we set the stage for real hardship. The gap between real productivity and money income has only widened, yet the illusion continues that if we speed up the printing presses and get more money out, and obtain higher wages, that is really the important thing when, after all, purchasing power is the only thing that really matters.

Senator Flynn: Social Credit.

Senator Perrault: The hot pursuit of prices by earnings leads not to a finish line, but to a circular unending course. Despite the mesmerizing quality of the figures—the double-digit measurements and the massive mark-ups—the chase has proved to be futile and self-destructive. In the wider context of international trade, this stampede psychology means we will eventually price ourselves out of the market, and Canada lives or dies by trade.

We cannot have wage settlements in the forest industry of British Columbia, for example, which are now markedly higher than settlements in Washington and Oregon, and still compete for the same pulp and paper markets around the world.

The factor of human motivation, the assurances of reward, has been fundamental to the operation of our economic system. The expectation that toil and enterprise will be enriching has been, without doubt, the extra ingredient which has made North American agriculture one of the best hopes of an overcrowded, hungry world. This aspiration of a better life in all aspects is the dynamo of Canadian progress.

So, the specifications for the anti-inflation machinery that can do the job must include the preservation of the drive to produce—incentives for people in Canada to increase productivity to increase the gross national product, because social advances are only funded by productivity.

We must construct a set of delicate brakes without damaging the motor. To respond to inflation, the government is in the process of designing a system that will make the necessary adjustments with the minimum amount of inhibition of our economic vigour.

In practical terms, this means that we do not attempt to impose restraints on the economy by the application of guidelines or restraints of other kinds to every last workshop and office. It means that we focus on the largest and most powerful elements, the prime centres of economic influence—big government, big business and big labour. The point of impact will thus be relatively localized. The policy will take hold at the top, curbing excess, creating gradually but surely the climate for restraint in these sectors of the economy. The government expects that these healthy influences, not overnight but in a reasonable period of time, will permeate the economy.

As the White Paper points out, the selected number of powerful groups comprise the following: the federal government and all of its employees; the 1,500 largest companies in Canada, including every company in the construction industry with more than 20 employees; all employees of these companies; all professional people—for example, physicians, dentists, lawyers, accountants, engineers, and, yes, the politicians; they are within the guidelines as well, as indeed they should be.

[Senator Perrault.]

These will be immediate objects of attention, but other sectors will—

Senator Phillips: And deputy ministers?

Senator Perrault: Yes, the deputy ministers, too. As I say, these will be the immediate objects of attention, but other sectors will be expected to observe the guidelines.

It is obvious that the setting and enforcement of guidelines for prices and profits will be a much more complex job than the setting of guidelines for individual incomes. Because of this we will have to apply a greater proportion of our effort to price control than to wage control.

I assure you, on behalf of the government, that it is our intention that all bases will be covered—employers and employed; wage-payers and wage-earners; government and non-government. Compliance will be monitored. Violators will be penalized.

It is not the intention of the government, however, to hire a whole host, an army of gumshoes, to prod and probe into every section of Canada and to lean over every shoulder. The emphasis is on achieving as much voluntary restraint as is possible, given the nature of the problem which we face.

On this matter of price and profit guidelines, let me say that the philosophy here is identical to that applied to wages. In general, the purpose is to check all contributions to the inflationary firestorm, but we want to do so without removing the incentive for productivity, individual and corporate. I have met many groups in the past week, and the first question asked has been, "Does this mean that I cannot improve my position beyond \$2,400 a year?" The answer is, "Yes, you can, if you get out and produce more, and can prove that you are producing more and are contributing to the economy of this country by working harder." Anybody can make more than his established guidelines, if he achieves a greater degree of productivity.

As I said, all bases will be covered, compliance will be monitored and violators will be penalized. When the bill comes to this chamber, I am sure all honourable senators will find the penalty sections of interest.

The guidelines will prevent a firm from increasing prices by more than it increases its costs. The intent is to prevent inflationary, panic-button, opportunistic increases. What we are saying is that business must restrict its profit per unit, whether that unit is a ballpoint pen or a bulldozer, to no more than the average unit profit it had been experiencing in the immediate past. The result will be a narrowing of percentage net profit margins before taxes as costs increase.

The guidelines have been shaped so that they do not cripple the fledgling or fragile industry. They apply to firms with more than 500 employees, except in the case of construction firms for which the inclusion figure is to be 20 employees. The guidelines will cover the federal government, its crown corporations and its agencies. They will also embrace participating provincial governments and, as I have said, professional groups.

I want to repeat that the talks in the past two days between the government and the ministers of finance of the various provinces have been constructive and productive. We will need the help of provincial governments in making these guidelines work. Indeed, in many key

aspects the guidelines literally cannot be applied without provincial cooperation. The provinces, for instance, have constitutional responsibility for rental and professional fees. Talks with provincial premiers indicate that we share an appreciation of the urgency of the situation, and of the need to work together to deal with it.

Perhaps a special word should be said to the professional community covered by the guidelines. In the case of the professional community the objective is to get in the way of inflation, but not to get in the way of productivity. The guidelines seek to prevent professionals from raising their fees above prescribed limits, but they do not penalize extra productivity. A professional can earn more by increasing effort. This is the essence of the guideline philosophy right across the board. It applies with equal force to wage guidelines.

As honourable senators are possibly aware, the initial ceiling on wage increases has been set at 10 per cent. Eight of these allowable 10 percentage points of income growth constitute an inflation shield for the income-earner. The shield will be about 6 per cent in the second year, and 4 per cent in the third. They are to make up for ground lost as measured by the cost-price index which has been rising at an average rate of 8 per cent over the past two years. The additional 2 per cent is the individual Canadian's share in Canada's increased productivity. This, measured over the long term, has been growing at an annual rate of 2 per cent.

To freeze all wage-earners in their relative positions as of October 14, when the guideline policy came into effect, would be, in the view of the government, unjust. At that date some people were ahead of the game; some were far behind. Many were beneficiaries of wage settlements which had won them increases in excess of the increase in the actual cost of living; many others had not been so fortunate. So the guidelines have a plus and minus factor built into them. For the gainers of the past two years that figure of 10 per cent can be lowered to a maximum of 2 percentage points. For those who had fallen behind there can be a maximum pickup of 2 percentage points, for a total maximum increase of 12 per cent. In a sense this is a catch-up clause.

It has also been kept in mind that percentage systems can, if used unintelligently, be unjust. The guideline percentage rules do not apply to increases of \$600 or under. A \$600 increase, regardless of what percentage value it represents, is within the guidelines.

Senator Asselin: Will this be changed?

Senator Perrault: The question has been asked, "Will this be changed?" I want to say, as has been said by other spokesmen for the government, that the government is open to useful and constructive ideas on this point and others. There have been suggestions received from many quarters to the effect that the \$600 basic should be increased. That matter is now being studied by the government.

On the other hand, no one in any income bracket will be permitted an annual increase of more than \$2,400. This would apply even in cases where \$2,400 represents considerably less than 10 per cent, or even 5 per cent, of annual income. There again the ideas of honourable senators on these maximums and minimums will be very much wel-

comed during the course of the discussion on the White Paper. The ideas presented in this house will certainly be brought to the attention of those in government responsible for reshaping parts of this program.

No discussion or contemplation of problems of inflation could be considered adequate without consideration of the housing needs of Canadians. I want to announce to the Senate that the government plans major initiatives to increase the supply of housing, and to bring that increased supply within the reach of Canadians of moderate income. These measures will be announced shortly. In all the measures which are being taken, the government has proceeded on the basis that the intention must be applied with a light touch and for as short a period as practical—no less than is needed to do the job, but no longer either.

While there is a formal period established for this program—that is, until December 31, 1978—I want to assert that the government will endeavour to bring it to a termination just as quickly as possible, and as soon as the problem has been brought satisfactorily under control.

● (1440)

During its lifespan the Anti-Inflation Board will operate to the limit as a fast-moving and flexible organization. Procedures will be devised to make it into what has been described as a catalytic agency. The ability to work quickly is recognized as an essential characteristic. The restoration of confidence and the removal of uncertainty are the objectives, and uncertainty cannot be banished if decisions are left hanging.

The question inevitably is asked, "Is it going to work?" Well, of course, there are prophets of doom in our society who say that nothing is going to work, and that we must let inflation run its course because any interference in the marketplace is doomed to disaster.

Many people say that we are administering a very rough form of justice in trying to bring in at least a degree of leadership and of regulation, and to institute guidelines of this kind. They may describe it as a rough form of justice, but the rough injustice of inflation in recent months has been intolerable for the Canadian people, especially those on low incomes. What we have to strive to do in the next few days is consider all of the good ideas that are coming from various sections of Canada and from the political parties, remove the inequities in so far as is humanly possible, and make this an equitable program. In order to succeed this program must be seen to be just, and it must be just in so far as it is possible for us to construct a just law.

I believe, and I think most of us believe, that among Canadians there is a basic sense of fairness with respect to sharing the resources of our community. Every one, whatever his income level or whatever his occupation, will recognize that we have a responsibility for restraining our demands on the economy. Those at the lower end of the income scale are in the least powerful position to pose demands of a major type on the economy, and they are in a very difficult position from the standpoint of protecting their incomes in light of the inflation we have been experiencing. Therefore, what we are proposing to do by this particular White Paper, and the bill which will follow it, is go after the major concentrations of power—that is, those sections of the economy with big clout, and all of

those groups which have been seeking to draw from the economy more than would be reasonable in relation to the demands of the whole.

If there are demands of this kind, the Anti-Inflation Board can seek to persuade those who are making the demands to moderate them, and seek to persuade them that if they do not do so the course of the law will have to be followed. In extreme cases, if there were still a refusal, there would be resort to other measures. The basic fact that has to be recognized—basic for the person for whom we have responsibility, namely, the little fellow at the lower end of the income scale—is that if the kind of people with clout, in order to get more, always seek high wage settlements and price increases, the less there will be available for the Canadian of modest income.

We feel we have to seek this power to protect that particular group, which also includes retired persons, those on fixed incomes, and those who have jobs but are not organized. In other words, those at the lower end of the income scale are not, contrary to what has been said in some circles, the victims of this particular bill. They are the principal beneficiaries of the program, and as it unfolds in the days and weeks to come this will become obvious without any possibility of contradiction.

I think there is a philosophical aspect to this program upon which we are embarked. I was in Russia last month, and for me it was a voyage of discovery upon which I intend to report to this chamber in more detail later. In speaking with representatives of the government of the Soviet Union I found they had a deep interest in the economy of North America. Our reception as a Canadian delegation was a magnificent one, but I remember one notable conversation in the course of which a member of the Presidium, with a great smile on his face, stated, "We want peaceful competition. Very frankly, we have a better economic system than you, and I think we can prove it."

There is something pretty fundamental about the challenge facing this country and North America, and the Western World in general, today. There are nations in the West which are almost on the brink of dictatorship, and an overthrow of their democratic systems, because they have permitted their economies to get out of control. You know them and I know them. There has to be a determination on the part of the Canadian people and those who lead public opinion—people in this chamber and the other house, and those who serve at other levels of government—that we are not going to permit this kind of thing to happen in our society; that we are going to make our system of government, our free enterprise economic system and our parliamentary democracy, work. This is a pretty fundamental consideration.

All too often these days we hear speeches the titles of which contain such questions as, "Is democracy governable?", and "Can capitalism survive?" Ten years ago such questions would never have been raised. Today they are one of the reasons why the government has introduced a

policy of price and wage restraint. They are a measure of the doubt that exists in a social system threatened by world inflation—the most widespread major inflation in world history.

We live in a country where we take freedom for granted. It is one of the richest countries in the world. It is a country with the resources to solve every problem but one—that of inflation—which really is not one problem but a complex of problems summed up in one dilemma: How do we control the energy of freedom before there is no freedom left to control? Other nations are now asking themselves this same question.

A free society functions on belief in equality and justice, on support of law and order, on willingness to put the public interest first and last, but far from least, on faith that it will function. Today, however, the system is being racked by extremes of violence and apathy, spawning cynicism, illegality, disorder, self-interest and doubt.

Our Canadian society is not exempt from these troubles. It is in a state of ferment. Everyone wants more rights. This translates, in almost every case, into demands on governments. There are demands by students to decide how they should be educated; demands by consumer groups to restrict the power of corporations; demands by environmentalists, minorities, women's groups and all sorts of other groups; and there are demands for subsidies, loans, tax concessions, and welfare of all kinds. These are all legitimate demands, but they add up to insistence on more money being handed out at a time when the economy is giving us less. Perhaps we have been saying yes too often. The government is not exempt from this either, and everyone knows it.

Every group knows that to take more means less for others, yet everyone acts as though restraint should be practised by someone else. Already we are seeing representations being made to the Anti-Inflation Board by some of the most powerful groups in the country saying, because of the nature of their work and the importance of the position they occupy in society, that they should be exempted. But they also say, "We want to congratulate you for the policy of restraint you are imposing on the nation." These representations are pouring in.

As I say, it seems that everyone believes that restraint should be practised by someone else. I think we have to agree, at this particular time in our history, that restraint has to be practised right in this chamber and in the other place, and then we can perhaps go on from there and see everyone practise it.

Our system depends on restraint. Its energy needs to be checked. All machines have limits, and when these are exceeded the machines self-destruct. Freedom and restraint are opposite sides of the same coin, but lately freedom seems like a coin with one badly worn side. Bit by bit our restraints are wearing away.

Inflation is a symptom of lack of restraint. It is a symptom of an underlying illness. It is, however, more than a symptom; it is like cancer, where the cells flout the rules that govern the health of the organism. It begins as a symptom but it ends as a cause.

● (1450)

The setting of these guidelines is only one part of our fight against inflation. Time does not permit me to discuss the fiscal and monetary policies that are being undertaken to ensure that economic growth and the progressive slowing of inflation are kept in phase. There will be some cynics, I am sure, in parts of the house, but I can only say that we will curb federal spending by holding down Public Service employment and reducing the federal payroll in most departments in the year ahead. The guideline of 1.5 per cent has been established for those employees on the federal payroll, and I may say that a number of these employees will be associated with this program while others will be associated with the anti-crime program which will be announced very shortly.

[Translation]

If we refuse to yield to the inflation psychosis, if we submit willingly to the rules set out by the government without playing the game of cynics who suggest that the small always end up paying for the big, in short, if we all decide individually and collectively to stop living beyond our means, then we will have made an enormous step in the right direction. And Canada will be back on the road to economic health and social peace, both based on a fairer participation of all in the national wealth of this country.

[English]

Before closing let me say that the imposition of restraint by government is, we hope, a temporary intervention. The Anti-Inflation Board is not intended to be a permanent feature of Canadian life. It is not in the interest of Canadians that it should be. A lingering presence of this kind would be an admission that we had assigned the responsibility for restraint to government. But government in a free society should not, and cannot, be expected to do this job alone. What the new measures will provide is, we hope, a breathing spell, a change of course away from certain disaster, a rebuilding of the basis for confidence, and the re-creation of a climate for a rewarding and productive society. I think all of us can feel confident that Canadians in all parts of this country are going to cooperate to make this program a success.

Senator Manning: Honourable senators, the Leader of the Government in his opening remarks indicated that a substantial consensus had been reached between the federal government and provincial ministers of finance. I understand that at the same time the provincial ministers of labour were also engaged in talks with the federal Department of Labour. Can we take it that a comparable consensus prevails in the field of labour as in the field of finance?

Senator Perrault: At this time, honourable senators, I can only report that a substantial consensus has been developed in the conversations with provincial ministers

of finance. That is not to say that there is absolute agreement or absolute assent on all points. Indeed, a number of good suggestions have been received from the provincial ministers, and these are now being considered as possible amendments to the general program.

There have been a number of conversations with trade union leaders across Canada, and in due course we are hopeful of having the cooperation of that sector, which, of course, will be quite important.

Senator Manning: Perhaps I did not make quite clear the point I was concerned about. I understand that there was a meeting with the provincial ministers of labour. I can appreciate that there were other discussions with heads of labour organizations, but it seems to me to be tremendously important, in view of the announced resistance to the program by a number of major labour unions, that the federal government should have the cooperation of the provincial departments of labour. My question was: Has there been a consensus in that field?

Senator Perrault: I agree with the honourable senator that a consensus among provincial ministers of labour would be very useful. However, I am not yet in a position to report progress in that area. I shall undertake to obtain the information should it become available.

Senator Phillips: Honourable senators, may I direct a question to the Leader of the Government in the Senate? In his remarks he stated that the dollar had declined since 1946 to a value of 38 cents. I wonder if he could give us the amount of that decline since 1970-71.

Senator Perrault: I am unable to give that figure, but I can undertake to attempt to obtain that information for the honourable senator. I do not have it with me now.

On motion of Senator Phillips, debate adjourned.

DISTINGUISHED VISITOR IN GALLERY

HONOURABLE NORMAN A. MacKENZIE

The Hon. the Speaker: Honourable senators, I should like to welcome a distinguished visitor in the Senate gallery this afternoon, the former Senator Norman MacKenzie. I extend to him our best wishes.

Hon. Senators: Hear, hear!

Senator Perrault: Honourable senators, may I also pay a brief tribute to the Honourable Norman MacKenzie. Not only is he a distinguished former member of this chamber, but he was a professor of mine when I was studying international law in university. I am delighted that he is in the gallery this afternoon. He is a great Canadian, who richly deserves the award from the Institute of International Jurists which he is to receive this evening. We are delighted to have him here.

Hon. Senators: Hear, hear!

The Senate adjourned until Tuesday, October 28, at 8 p.m.

THE SENATE

Tuesday, October 28, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Lachance had been substituted for that of Mr. Daudlin, that the name of Mr. Daudlin had been substituted for that of Mr. Guay (St. Boniface), that the name of Mr. Orlikow had been substituted for that of Mr. Brewin, and that the name of Mr. Stollery had been substituted for that of Mr. Lachance on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

LIEUTENANT GOVERNORS SUPERANNUATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-23, to provide for the payment of superannuation benefits to Lieutenant Governors.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Customs Convention on the International Transport of Goods under cover of TIR Carnets (with Protocol of Signature) (Amended text). Done at Geneva, January 15, 1975. Entered into force January 7, 1960. Canada's Instrument of Accession deposited November 26, 1974. Entered into force for Canada February 24, 1975.

Copies of Convention on International Liability for Damage caused by Space Objects. Done at London, Moscow and Washington, March 29, 1972. In force September 1, 1972. Canada's Instrument of Accession deposited February 20, 1975. In force for Canada February 20, 1975.

Copies of Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) Weapons and their Destruction. Done at London, Moscow and Washington, April 10, 1972. Canada's Instruments of Ratification deposited

at London, Moscow and Washington, September 18, 1972. Entered into force March 26, 1975.

Copies of General Agreement on Technical Cooperation between the Government of Canada and the Government of Colombia. Done at Bogota, November 17, 1972. Entered into force December 12, 1974.

Copies of Agreement between the Government of Canada and the Government of the United States of America for promotion of safety on the Great Lakes by means of radio. Done at Ottawa, February 26, 1973. Instruments of Ratification exchanged at Washington, May 6, 1974. Entered into force May 6, 1975.

Copies of Protocol relating to Refugee Seamen. Done at The Hague, June 12, 1973. Canada's Instrument of Acceptance deposited January 9, 1975. In force for Canada February 10, 1975.

Copies of Agreement on the Garp Atlantic Tropical Experiment (GATE) between the World Meteorological Organization, the Government of the Republic of Senegal and other Member States of the WMO participating in the experiment with related Protocol of execution. Agreement done at Geneva, June 27, 1973. Protocol done at Geneva, December 28, 1973. Agreement entered into force June 27, 1973. Protocol entered into force December 28, 1973. Agreement and Protocol entered into force for Canada June 18, 1974.

Copies of Air Transport Agreement between Canada and the Federal Republic of Germany. Ottawa, March 26, 1973. In force provisionally March 26, 1973. In force definitively February 18, 1975.

Copies of Agreement between Canada and the Kingdom of Denmark respecting Boundary Waters. Ottawa, December 17, 1973. Instruments of Ratification exchanged at Copenhagen, March 13, 1974. In force March 13, 1974.

Copies of Notes exchanged between the Governments of Canada and the Republic of Nicaragua to provide for the exchange of Third Party Communications between amateur radio stations of Canada and Nicaragua. San José, Costa Rica and Managua, Nicaragua, August 29 and December 20, 1973. In force January 19, 1974.

Copies of Notes exchanged between the Government of Canada and the Government of the Federal Republic of Germany concerning the training of Bundeswehr units in Canada (CFB Shilo). Ottawa, January 23, 1974. In force January 23, 1974. With effect from January 1, 1974.

Copies of Notes exchanged between the Government of Canada and the Government of Trinidad and Tobago, constituting an Agreement relating to Canadian investments in Trinidad and Tobago insured by the Government of Canada through its

agent, the Export Development Corporation. Port of Spain, February 8, 1974. In force February 8, 1974.

Copies of Notes exchanged between the Governments of Canada and Honduras, constituting a reciprocal amateur radio operating Agreement. San José, Costa Rica and Tegucigalpa, Honduras, November 20, 1973 and February 27, 1974. In force March 14, 1974.

Copies of Notes exchanged between the Governments of Canada and Guyana, constituting an Agreement to provide for the exchange of Third Party Communications between amateur radio stations of Canada and Guyana. Georgetown, December 11, 1973 and February 26, 1974. In force March 28, 1974.

Copies of Agreement between the Government of Canada and the Government of France concerning Films and Film-Productions. Done at Ottawa, May 8, 1974. In force June 7, 1974.

Copies of Notes exchanged between the Government of Canada and the Government of the Republic of Senegal, constituting an Agreement concerning the applicability to Canada of GARP, and related Protocol of Execution. Dakar, May 3 and June 18, 1974. Entered into force June 18, 1974.

Copies of Development Co-operation Agreement between the Government of Canada and the Government of the Republic of Honduras. Done at Tegucigalpa, D.C., September 3, 1974. Instruments of Ratification exchanged at Tegucigalpa, February 18, 1975. Entered into force February 18, 1975.

Copies of Notes exchanged between the Government of Canada and the Government of Barbados, constituting an Interim Air Transport Agreement. Bridgetown, November 20, 1974. In force November 20, 1974.

Copies of Notes exchanged between the Governments of Canada and the United States of America, extending until June 30, 1976 the Project Skylab Agreement. Ottawa, September 30 and November 26, 1974. In force November 26, 1974.

Copies of Trade Agreement between the Governments of Canada and the Republic of Afghanistan. Kabul, November 27, 1974. In force December 27, 1974.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, extending until June 30, 1977 the Agreement concerning the operation of Mobile Seismic Observatories (Project Vela Uniform). Ottawa, August 14 and December 19, 1974. Entered into force December 19, 1974. With effect from July 1, 1974.

Copies of Notes exchanged between the Governments of Canada and the United Republic of Tanzania, concerning liability for damages in connection with a Programme for Flight Training in Canada of Pilots of the Tanzania People's Defence Force. Ottawa, December 19, 1974 and January 2, 1975. In force January 2, 1975.

Copies of Notes exchanged between the Governments of Canada and the U.S.S.R. extending and amending the Agreement on Co-operation in Fisheries in the Northeastern Pacific Ocean off the coast of

Canada signed January 22, 1971, as amended. Moscow, January 24, 1975. In force February 19, 1975.

Copies of Notes exchanged between the Governments of Canada and the U.S.S.R. extending the Agreement on Provisional Rules of Navigation and Fisheries Safety in the Northeastern Pacific Ocean off the coast of Canada signed January 22, 1971. Moscow, January 24, 1975. In force April 15, 1975.

Copies of Agreement between the Government of Canada and the Government of the Kingdom of Sweden concerning Defence Research, Development and Production (with Memorandum of Understanding). Done at Ottawa, February 3, 1975. Entered into force February 3, 1975.

Copies of Agreement between the Government of Canada and the Revolutionary Government of the Republic of Cuba, establishing a Development Line of Credit for Cuba (with Memorandum of Understanding). Done at Havana, March 18, 1975. Entered into force March 18, 1975.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, extending the Agreement concerning Joint Participation in the Augmentor Wing Flight Test Project of November 10, 1970. Ottawa, December 5, 1974 and March 24, 1975. Entered into force March 24, 1975.

Copies of Agreement between Canada and the United States of America relating to the exchange of information on Weather Modification Activities. Washington, March 26, 1975. In force March 26, 1975.

Copies of Notes exchanged between the Government of Canada and the Government of Norway, amending the Agreement of July 15, 1971 concerning the conservation of seal stocks in the Northwest Atlantic. Ottawa, April 18 and 23, 1975. Entered into force April 23, 1975. With effect from March 15, 1975.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, extending to April 24, 1976 the Agreement on Reciprocal Fishing Privileges in certain areas off their coasts signed June 15, 1973. Ottawa, April 24, 1975. Entered into force April 24, 1975.

Copies of Development Co-operation Agreement between the Government of Canada and the Government of Jamaica. Done at Kingston, Jamaica, May 5, 1975. Entered into force May 5, 1975.

Copies of Agreement between the Government of Canada and the Government of the Republic of Ghana, concerning the training in Canada of Personnel of the Armed Forces of Ghana. Accra, May 13, 1975. In force May 13, 1975.

Copies of Treaty on Extradition between Canada and the United States of America as amended by an exchange of Notes constituting a Treaty. Washington, December 3, 1971 and June 28 and July 9, 1974, respectively.

Report of the International Development Research Centre, including its accounts and financial statements certified by the Auditor General, for the fiscal

year ended March 31, 1975, pursuant to section 22 of the International Development Research Centre Act, Chapter 21 (1st Supplement), R.S.C., 1970.

Report on the activities of the Food and Agriculture Organization (FAO) for the fiscal year 1974-75, pursuant to section 3 of the Food and Agriculture Organization of the United Nations Act, Chapter F-26, R.S.C., 1970.

Report of the Roosevelt Campobello International Park Commission, together with its financial statements certified by the Auditor General, for the year ended December 31, 1974, pursuant to section 7 of the Roosevelt Campobello International Park Commission Act, Chapter 19, Statutes of Canada, 1964-65.

Report on the administration of the Industrial Research and Development Incentives Act for the fiscal year ended March 31, 1975, pursuant to section 17 of the said Act, Chapter I-10, R.S.C., 1970.

Report of operations under the Foreign Investment Review Act for the fiscal year ended March 31, 1975, pursuant to section 30 of the said Act, Chapter 46, Statutes of Canada, 1973-74.

Report of the National Museums of Canada, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 22 of the National Museums Act, Chapter N-12, R.S.C., 1970.

PRIVATE BILL

CONTINENTAL BANK OF CANADA—FIRST READING

Senator Connolly (Ottawa West) presented Bill S-30, to incorporate Continental Bank of Canada.

Bill read first time.

Senator Connolly (Ottawa West) moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

IMMIGRATION POLICY

SECOND REPORT OF SPECIAL JOINT COMMITTEE PRESENTED AND ADOPTED

Senator Stanbury, on behalf of Senator Riel, Joint Chairman of the Special Joint Committee of the Senate and House of Commons on Immigration Policy, presented the following report:

[*Translation*]

Tuesday, October 28, 1975.

The Special Joint Committee of the Senate and of the House of Commons on Immigration Policy has the honour to present its second report as follows:

On March 3, 1975, and March 5, 1975, the House of Commons and the Senate, respectively, adopted a joint resolution which empowered your committee to consider the Green Paper on Immigration Policy tabled by the Minister of Manpower and Immigration in the House of Commons on February 3, 1975, and tabled by the Leader of the Government in the Senate on February 4, 1975.

[*Senator Perrault.*]

Your committee is of the opinion that it will be unable to complete its inquiry within the time prescribed by its Order of Reference as amended on June 4, 1975. Your committee recommends therefore that the date of submission of its report be extended until November 14, 1975.

Respectfully submitted,

Maurice Riel,
Joint Chairman.

[*English*]

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Stanbury: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(e), I move that this report be adopted now.

The Hon. the Speaker: Honourable senators, the house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Senator Stanbury: Honourable senators, this report might be worthy of a short explanation. The Special Joint Committee of the Senate and House of Commons on Immigration Policy is well along in the preparation of its report, but has come to the conclusion that it will need an additional two weeks to complete it. Therefore, the request is made for an extension of the time for submission of the report to November 14, 1975, instead of October 31, 1975.

Senator Flynn: A late report is better than none. Motion agreed to and report adopted.

COMMITTEES

CHANGE IN MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Fournier (Madawaska-Restigouche) be substituted for that of the Honourable Senator Yuzyk on the list of senator serving on the Special Senate Committee on the Clerestory of the Senate Chamber.

The Hon. the Speaker: Honourable senators, is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Smit (Colchester) be added to the list of senators serving on the Standing Senate Committee on National Finance and the Standing Senate Committee on Transport and Communications.

The Hon. the Speaker: Honourable senators, is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

Senator MacDonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Smith (Colchester) be substituted for that of the Honourable Senator Quart on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

The Hon. the Speaker: Honourable senators, is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

• (2010)

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Deschatelets be removed from the list of senators serving on the Special Senate Committee on the Clerestory of the Senate Chamber, the Standing Senate Committee on Foreign Affairs and the Standing Committee on Internal Economy, Budgets and Administration.

The Hon. the Speaker: Honourable senators, is there unanimous consent?

Hon. Senators: Agreed.

An Hon. Senator: Explain.

Senator Deschatelets: I would ask the sponsor of this motion to give the explanation.

Senator Petten: Honourable senators, the reason is that Senator Deschatelets is now on two special joint committees of the Senate and the House of Commons and time does not permit him to attend the other three committees.

Motion agreed to.

FOREIGN AFFAIRS

PROPOSED SALE OF CANDU REACTORS TO ARGENTINA AND KOREA—QUESTION

Senator Forsey: I have a question for the Leader of the Government, which he may prefer to take as notice, although in view of his encyclopaedic knowledge of public affairs I have some hope that he may be able to answer it immediately.

What is the present state of negotiations with Argentina, in the first place, and the Republic of Korea, in the second, in the matter of sales of CANDU reactors to those countries?

Senator Perrault: Honourable senators, the reply to that question is not immediately in my encyclopaedia. I must take it as notice.

Senator Flynn: Surprising.

PRIVATE BILL

EASTERN CANADA SAVINGS AND LOAN COMPANY AND CENTRAL & NOVA SCOTIA TRUST COMPANY—SECOND READING

Hon. Augustus Irvine Barrow moved the second reading of Bill S-29, to enable The Eastern Canada Savings and Loan Company and Central & Nova Scotia Trust Company to amalgamate.

He said: Honourable senators, before speaking to this bill, perhaps you will allow me a moment, as a relatively new member of this august body, to say how delighted I am to welcome our newest senator who comes from my province, Nova Scotia—Senator G. I. Smith. I know there will be many others who will dwell with eloquence on his long career in both public and private life, and on his many accomplishments, but none will be more sincere in saying that the addition of Senator Smith to this chamber is a most fitting recognition of his demonstrated abilities as soldier, lawyer, politician and citizen of his native province. I extend to him a most hearty welcome.

Honourable senators, the bill before you concerns two well-known financial institutions in the Atlantic provinces, of relatively the same size in assets under administration and shareholders' equity and earnings. One carries on business as a loan company, the other as a trust company. I should like to give the house a short resumé of each company.

The Eastern Canada Savings and Loan Company was established in 1887 and was incorporated under a special act of Parliament in 1914. It is a loan company subject to the Loan Companies Act. It maintains a head office in Halifax and 11 branches throughout the Atlantic provinces. Its shares are listed on the Toronto and Montreal stock exchanges.

The following information was compiled as of December 31, 1974: Assets, \$368,817,000; shareholders' equity, \$18,293,000; net income for 1974, \$2,185,000; number of shareholders, 2,213; number of employees, 152; percentage of shares held by residents of Canada, 98.3.

The Central & Nova Scotia Trust Company was formed under the Trust Companies Act on January 1, 1974, by the amalgamation of The Central Trust Company of Canada and The Nova Scotia Trust Company. The trust company maintains a head office in Halifax, and an executive office in Moncton. In addition, it has 23 branches throughout the Atlantic provinces. Its shares are not listed on a stock exchange, but are actively traded over the counter.

The following information respecting this company was compiled as of December 31, 1974: Assets, \$378,727,306; shareholders' equity, \$19,096,090; net income for 1974, \$1,860,087; number of shareholders, 1,008; number of employees, including real estate agents, 447; percentage of shares held by residents of Canada, 99.8.

In other words, both companies are of approximately the same size, and they operate in the Atlantic region. For some time, talks of amalgamation have taken place. However, there is an anomaly in that there is no readily available machinery for the amalgamation of a trust company and a loan company.

The Loan Companies Act permits the amalgamation of two loan companies; the Trust Companies Act permits the amalgamation of two trust companies. Neither act permits the amalgamation of a loan company and a trust company. If the Eastern Canada Savings and Loan Company and Central & Nova Scotia Trust Company are to amalgamate, a private act of Parliament is required. These circumstances are set out in the preamble to the bill.

The provisions of the bill may be summarized as follows:

1. The bill permits the amalgamation of the two companies but does not require them to amalgamate—that is, it is permissive, and not mandatory.

2. If the two companies are to amalgamate, they must enter into an amalgamation agreement. For the purposes of the agreement Eastern is to be considered a trust company. The agreement must set out all of those matters which the Trust Companies Act requires two trust companies to agree upon if they enter into an amalgamation agreement.

3. The only major technical difficulty in amalgamating a trust company and a loan company is that a trust company is not permitted to issue debentures. Instead, it issues what are known as guaranteed investment certificates. On the other hand, a loan company may issue debentures but it may not issue guaranteed investment certificates. At the time of amalgamation, if this is decided upon, Eastern will have debentures outstanding and Central & Nova Scotia will have guaranteed investment certificates outstanding. This difficulty is resolved by clause 4 of the bill which provides, in effect, as follows:

(a) the new company will have one guarantee fund;

(b) the liabilities of the guarantee fund will be the guaranteed investment certificates and deposits of Central & Nova Scotia at the time of amalgamation, plus the debentures and deposits of Eastern at the time of amalgamation;

(c) the assets of the guarantee fund will consist of the qualified investments of Central & Nova Scotia Trust at the time of amalgamation, plus qualified investments at least equal to the debentures and other deposits of Eastern at the time of amalgamation.

I understand this procedure has been approved by the Superintendent of Insurance, as well as the Inspector General of Banks.

Some of the advantages which would be achieved by the amalgamation of these two companies are as follows:

(1) Each company carries on its business within the Atlantic provinces. Both wish to expand. Such an expansion would be more likely to succeed if it were supported by the financial resources of the two companies rather than if each company endeavoured to achieve this expansion separately.

(2) The operation of the two companies overlap in a number of localities. By combining their operations in these areas, the amalgamated company will be able to achieve worthwhile cost savings and provide a higher level of service to their customers.

(3) By combining and re-organizing the head office and regional office staffs of the two companies, a higher degree of efficiency and improved customer service will be achieved.

● (2020)

(4) The companies anticipate that the financial strength and stature of the new company will assist it in raising the additional share capital, and in the sale of guaranteed investment certificates, in the years ahead to permit it to grow with the economy.

(5) The Loan Companies Act limits the business operations in which Eastern can engage to borrowing and lending money. It is not permitted to exercise trust functions.

[Senator Barrow]

This limitation impairs the capacity of Eastern to compete in certain fields with trust companies, although both loan companies and trust companies operate in the same financial markets.

(6) The amalgamated company will be in a stronger position than Eastern or Central & Nova Scotia separately to withstand the erosion of its competitive position vis-à-vis the national trust companies and particularly the chartered banks that carry on business in the Atlantic regions.

Meetings of the shareholders of both companies were held on September 4 and 5 of this year, and they have approved the proposal to seek this enabling legislation.

There are undoubtedly questions which some honourable senators will wish to raise concerning this bill and it is my intention, therefore, if the bill is given second reading, to ask that it be referred to the Standing Senate Committee on Banking, Trade and Commerce at which time both companies are prepared to have their officials available to answer questions.

Senator Walker: Honourable senators, if this new hybrid company is formed, will it have any powers which a trust company at the present time does not have?

Senator Barrow: No.

Senator Perrault: It will not.

Senator Walker: Thank you.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Barrow moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

COMBINES INVESTIGATION ACT

BILL TO AMEND AND TO REPEAL—SECOND READING

The Senate resumed from Wednesday, October 22, the debate on the motion of Senator Cook for second reading of Bill C-2, to amend the Combines Investigation Act and the Bank Act and to repeal an Act to amend an Act to amend the Combines Investigation Act and the Criminal Code.

Hon. Jacques Flynn: Honourable senators, before I address myself directly to the bill, I would like to say a word about Senator Godfrey's declaration last week. He said, prior to Senator Cook's introduction of this bill, that he would not participate in this debate nor in any of the votes or discussions in committee arising from it. The reason he gave was, and I quote his words: "I was active in the preparation of briefs, on behalf of clients of my firm, addressed to the minister concerned." He said that that was before he was appointed to the Senate. I have nothing but respect for Senator Godfrey's opinion but I would suggest that he should not want to impose on others his criteria as to what constitutes a conflict of interest.

I suggest to him that because one has taken an interest on behalf of clients at some time or other, in some particular piece of legislation, that is no reason why he cannot now give an opinion; why he should now feel he is forbid-

den from expressing his views. It would be very difficult for the Senate to operate if this were the case. Such an attitude would compel a person, the minute he was appointed to the Senate, to devote himself exclusively to the Senate and abandon all other interests. For instance, as a lawyer I happen to be what you would call a general practitioner. I have never had any special occasion to concern myself with combines, but it is not unlikely that some of the partners in my firm have. Well, if I were bound by the criteria suggested by Senator Godfrey, I would not be entitled to discuss any kind of legislation here at all because I or my partners have touched on practically every field of law. The same thing would apply to other members of the Senate interested in particular fields such as agriculture, labour relations, and so on. If all the expertise we have in the Senate could not be put to use, of what use then would the Senate be? Senator Godfrey most certainly should act according to the dictates of his conscience, but I would not want his attitude to become binding on any of the rest of us.

In any event, since the Senate Committee on Legal and Constitutional Affairs is presently studying the Green Paper on Members of Parliament and their Conflict of Interest, I would suggest that this particular case be discussed in that committee and that we have a ruling as to the validity of the attitude taken by Senator Godfrey in this respect.

With regard to my own position, I have no hesitation in saying that I do not consider myself in any way involved in a conflict of interest in dealing with various kinds of legislation simply because I happen to be a lawyer and occasionally must deal with such legislation in defending the interests of my clients.

Having said all that, I come now to the bill. Bill C-2 has had a long history. It is undoubtedly an important piece of legislation, which requires the concentrated attention of the Senate. The present bill has been under discussion and in preparation for over eight years, but, in fact, the first overt step taken goes back to July of 1969 when the Economic Council of Canada issued its interim report on competition policy. The government never asked for a subsequent or additional report after that first and last report of the Economic Council. However, in June 1971, the government presented Bill C-256 entitled "The Competition Act," based on the Economic Council's report. Bill C-256 contained a number of consumer-protection features. It would have created new criminal offences and would have granted an appointed tribunal the power to regulate many types of business operations, such as mergers, vertical integration and specialization. That bill gave rise to much opposition, however, and, as a result, in 1973 the government decided to drop it and, instead, to present its competition legislation in two stages. Stage one was to contain the consumer features; it would have given an appointed commission legal power to rule on the appropriateness of certain business trade practices. Stage two was to contain the more contentious legal framework for activity among business and was to be presented at a later date.

Thus, in November of 1973, stage one was introduced as Bill C-227; but that bill died on the Order Paper. In March of 1974, stage one was reintroduced as Bill C-7, but died with the dissolution on May 8, 1974.

In October of last year, stage one was again reintroduced, this time as Bill C-2. So Bill C-2, which is before us now, is essentially the original Bill C-227. It has survived procedural delays, debate, representations and politicking, and it arrives before us not dramatically different from what it was three years ago.

The approach used in Bill C-2 is essentially the same as that used in C-227. The bill makes a number of amendments to the Combines Investigation Act while retaining all the act's basic machinery. Numerous consumer protection measures are proposed. With respect to competition policy, the bill attempts to strengthen the legislation in certain areas where a high degree of consensus has developed. The Restrictive Trade Practices Commission is authorized to review and make corrective orders in the case of certain situations which, it is generally agreed, need careful supervision and yet in all cases do not require such supervision.

● (2030)

The three main features of Bill C-2 have been pointed out by Senator Cook in his very able, and I would add, cautious presentation, for which we are indebted to him.

These three main features are:

1. The extension of the Combines Investigation Act to service industries which, with but a few exceptions, are not at present covered.

2. The strengthening of provisions which deal with misleading advertising and providing new protection to consumers against other unfair and dishonest selling practices.

3. Granting the Restrictive Trade Practices Commission the power to review certain trade practices which in some circumstances are perfectly legitimate but which in other circumstances have serious adverse effects on competition, such practices being:

- (i) refusal to deal;
- (ii) consignment selling when used to thwart the price maintenance ban;
- (iii) exclusive dealings;
- (iv) tied selling;
- (v) market restrictions; and
- (vi) implementation in Canada of foreign judgments, laws and directives.

In a nutshell, the idea behind this bill is to provide protection to the consumer from some of the shady practices indulged in by big, intermediate-sized, and small businesses alike. Big business is not always worse than small business. I know from my own experience that small business ventures have often been more financially rewarding to those involved than would have been big business ventures.

Senator Asselin: Hear, hear!

Senator Flynn: We are out to put a halt to practices which take advantage of the consumer and use his lack of knowledge and sophistication in an effort to make him the economic victim of a system which at times is unfairly weighted against him. We also want to put an end to practices which limit competition, thus cutting down on opportunities for the consumer to benefit as he seeks to get more for his consumer dollar.

As we go about doing all of these laudable things, however, we must bear in mind a few interesting and important points. The free enterprise system as it is today allows for millions of sale transactions to be carried on annually without the hindrance of direct government regulation or control. The method of purchase and the purchase price are the result of agreements between individuals to exchange earnings for goods or services.

When the market is allowed to operate freely, suppliers compete for the consumer's business. In this way, all the products needed, of the proper quality and at the best possible price, are provided. There are, however, aberrations of the free market. At times attempts are made to control competition artificially. There are forms of advertising which not only border on fraud but are undoubtedly fraud. These practices we want to see stopped, but we must also be very careful. Senator Cook warned us not to go too far. He said we should not make the legislation so stringent as to deny those only suspected of transgressing it the opportunity of establishing their innocence.

There is also another danger. There has existed for some years in North America an economic power syndrome. The attitude has developed that profits are bad, and that anyone who works towards making them is an obvious enemy of the rest of us. Governments wishing to pander to this particular cynical outlook have taken to looking upon the business community with less-than-veiled suspicion, and we should therefore be careful of what we are doing here, since unnecessary government interference with the system may eventually work to our great disadvantage.

It is all very well to want to root out fraud, and it is fine to render impossible the forceful institution of unnatural monopolies; but we owe it to ourselves to be careful. The business community cannot be said to be flourishing these days. Profits are not what those dedicated to statist philosophies of government would have us believe. These are lean years for the honest, fair-dealing businessman. These people have suffered as much as anybody from the general economic chaos attributable to uncontrolled inflation and deepening recession. I do not say this because I want to see us give those who are victimizing the consumer a free ride. I want the clamps put on them. But I do not want to see us straitjacket all businessmen in order to get at those who deal with the consumer in an unscrupulous fashion. This bill vastly extends the scope of the federal government's authority over business practices which can in any way be looked upon as not in the consumers' interest.

To summarize the contents of the bill I would say that it contains a series of propositions against particular trade practices harmful to the interests of the consumer. One example is misleading advertising. If you were to read the section pertaining to it, you would be tempted to say that if the bill had been in force during last year's election the attitude of the Liberal Party would have been judged an offence under this legislation.

Other prohibitions contained in the bill against harmful trade practices are against misleading warranties, pyramid selling, referral selling, bait and switch selling, and selling at higher than advertised prices. The Restrictive Trade Practices Commission will have a lot of power to prosecute and especially to issue orders to do certain

things when there is an obvious infraction of the rules established by the bill.

As Senator Cook has indicated, this bill is not entirely, as far as the Senate is concerned, a new piece of legislation. The Standing Senate Committee on Banking, Trade and Commerce has considered this bill in advance of its coming to us, and I think as many as 19 meetings have been held by the committee. We listened to witnesses and representations from all sections of society. The business world was represented, and, if memory serves me right, the labour world as well.

The committee issued two reports. The main report made several representations, and in addition there was an interim report. Following these reports, and following representations made not only before the Senate committee but also before the committee of the House of Commons, the minister agreed to make several amendments which were incorporated in the bill in the other place before it came to us. As a result, I would say that the bill is quite different from what it was at the beginning, although, I hasten to add, many items of importance remain for us yet to consider. I think the job of the Standing Senate Committee on Banking, Trade and Commerce, to which I hope this bill will be referred, would now be to consider how the amendments made by the minister, or, at least, made in the other place, stack up against the suggestions made by the Senate committee.

• (2040)

There are, however, two items in particular about which I want to say a few words. These items were not dealt with by the minister or by the House of Commons. To this end I would like to refer now to the interim report which we issued on March 18, 1975. They deal mainly, in my view, with constitutional problems. I quote from the report at page 33:7 where it says:

Several of the new provisions which Bill C-2 would enact may rest on questionable constitutional ground. Reference is made particularly (1) to the provision (new s.31.1) which would give to a person who has suffered loss or damage a civil right of action to recover damages for breach of any of the statutory offences under the Act or for failure to comply with an order of the Commission and (2) to the "civil jurisdiction" (new Part IV.1) given to the Commission which, in effect, enables it to look into a specific set of facts under very broad legal criteria and make an order affecting one or more named suppliers.

Then it goes on to say this:

Speaking of the civil damages provision, the explanatory booklet "Proposals for a New Competition Policy for Canada" published by the Department of Consumer and Corporate Affairs—

And I think that was in 1973 or before.

—says as follows at p. 67:

While the constitutionality of new section 31.1 may be challenged as relating to property and civil rights or matters of a local or private nature which, under section 92 of the B.N.A. Act, are within provincial rather than federal, jurisdiction, it is nevertheless hoped that the section will be upheld* as a matter ancillary to the criminal law, or relating to trade

and commerce, and therefore within federal jurisdiction under section 91 of that Act.

*In a later edition of the booklet, this phrase was changed to read "it is considered that the section is supportable".

Now, there is one comment about the right to claim civil damages under this legislation at the bottom of page 33:7 which reads as follows:

The Bill would provide that a person aggrieved by a breach of the provisions of the Act by another person would have a right of action in the civil courts for the damages suffered as a result of such breach. While the position may be different under the civil law of Quebec, the leading jurisprudence under the common law leaves considerable doubt as to whether a party has such a right of action on the theory that the only sanctions intended are those provided in the Act itself, namely, fines and imprisonment. Thus, for the common law provinces at least, a statutorily created right would be required in order to ensure the right to claim damages.

Well, the first thing I want to say about this right is that to me it is entirely within the competence of the provinces and really has no place in this kind of legislation. This is quite obvious, since even the booklet reciting the principles or the objectives of the bill expressed doubts concerning this matter. I do not see how one could say that it is ancillary to the problem of the criminal law involved in the competition legislation that you would have a civil right if, under that pretext, all you are doing is to encroach upon civil and property rights which are properly the jurisdiction of the province. "Ancillary" means it is entirely necessary and not accessory to the legislation. This may be accessory; it may be useful, but it is certainly not necessary to go into that in the federal Parliament.

As is mentioned in the report, I think, in Quebec, if you contravene any kind of legislation, then this generates a right of action. But if it is not the same case in the other provinces under the common law system, then I would say it should be the responsibility of the provincial legislatures to bring in corrective measures. It is not because of the failure of the provincial legislatures to legislate in this restricted, exclusive field falling within their competence that the federal Parliament automatically acquires a right to intervene. I would say that it has too often been the case that the federal government, supported, of course, by Parliament—but that is another problem—has entered into a field reserved by the BNA Act to provincial legislatures. I dislike this practice, although I agree that anybody who suffers damages because someone else has contravened the legislation which we are asked to enact should have a civil recourse for damages resulting therefrom. But for the federal government to enter a field of provincial jurisdiction in this way is a practice too frequently indulged in.

I suggest to the Senate that we should protest vehemently against this kind of intrusion. I say this because there is a related problem created by the fact that not only does the legislation provide for this civil remedy, but it also gives jurisdiction to the Federal Court to hear anyone who wants to take action under the right given by the legislation to claim damages. The act says you may do it before the Federal Court. Herein lies another constitution-

al problem. As the report indicates, it is of even more doubtful constitutional validity to give this right to the Federal Court. Therefore, by doing so, I suggest, we are simply adding to the confusion. If anybody starts an action before the Federal Court to claim damages for violation of the combines legislation, then one may be dragged into a debate on constitutional validity that may take five or six years to resolve. Nobody will even know for sure whether they are really right in going before the Federal Court.

So, honourable senators, I suggest that this problem of a civil remedy provided in federal legislation is a very real and important problem. Dealing again with the jurisdiction of the Federal Court, I should like to quote from page 33:12 of the report, where it says:

The Act provides that prosecutions shall be brought in the ordinary criminal courts in the provinces but that, with the consent of the accused, most offences may be prosecuted in the Federal Court—Trial Division.

And here we are dealing with criminal prosecutions.

Bill C-2 would amend the relevant provisions so that a prosecution could be brought against a corporation in the Federal Court—Trial Division—without obtaining its consent. A prosecution against an individual in that court would still require his consent.

This is of doubtful constitutional validity since, although Parliament has jurisdiction in relation to criminal law, the provinces have jurisdiction in relation to the administration of justice and the creation of criminal courts. Doubtless this was the reason for making the jurisdiction of the Federal Court under the Act conditional upon the accused's consent.

That is, of course, if he is an individual. But if the accused is a corporation, then it can be brought before the Federal Court, and there again you have the opportunity for a case which could create uncertainty, confusion and possibly legal chaos.

● (2050)

I do not understand why the federal Parliament or, I should say, the administration, are not more careful about these matters. They seem to say, "Well, let's see how it goes." Someone has had the bright idea that it would be simpler if we did not have to deal with the provinces, and everybody is happy with that. However, as long as they are there and have constitutional authority in certain areas, we must respect the provinces.

These two items especially are a serious problem for the Senate to consider at this time. The committee should look into them very closely. It should also review those other matters on which the committee made recommendations and with respect to which, judging from the other place's amendments, nothing much was done.

I repeat, let us consider seriously these two constitutional points raised. Unless they are solved they will only create problems and prevent us from achieving the main objectives of this legislation which are to protect the consumer and real competition in Canada.

Hon. Senators: Hear, hear!

Hon. Eric Cook: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Cook speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Cook: Honourable senators, I am sure we all wish to thank Senator Flynn for his most exhaustive and helpful address. I do not believe that there is anything I can add at this stage. As I have already said, this bill calls for very careful study in committee, rather than general debate on the floor of the chamber, a view which I believe to be shared by Senator Flynn. Therefore, I intend to move, should the bill receive second reading, that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Cook moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

THE CANADIAN ECONOMY

ATTACK ON INFLATION—DEBATE CONTINUED

The Senate resumed from Thursday, October 23, the debate on the inquiry of Senator Perrault calling the attention of the Senate to the White Paper entitled: "Attack on Inflation—a program of national action," together with a booklet giving the highlights of the government's anti-inflation program, both dated October 14, 1975, tabled in the Senate on Tuesday, October 21, 1975.

Hon. Orville H. Phillips: Honourable senators, traditionally, Canadians have enjoyed turkey on Thanksgiving. This year Prime Minister Trudeau served a different fowl. He ate crow, and the right honourable gentleman must have been rather hungry because he ate a generous portion.

I am sure that Senator Perrault would have preferred B.C. salmon rather than the cold crow leftovers he served us last Thursday. The honourable gentleman did a commendable job in what must have been a most difficult task for him. He was very active in spreading the propaganda against the Progressive Conservative platform during the last election, and his words must have been coming back to haunt him as he spoke on Thursday. No doubt this contributed to the great effort he put into his speech. At times he had all the enthusiasm of a drummer at a rock festival, and at others he changed his tone to that of a player in a Shakespearian tragedy. When he resumed his seat I thought he resembled the perfect advertisement for Alka-Seltzer. I am sure I heard him say, "I can't believe I ate all that crow."

The Leader of the Government in the Senate found a general consensus in support of the proposed policy. The former Minister of Finance, Mr. Turner, could not obtain such a consensus. On Friday evening last the Prime Minister stated in Toronto that his selling trip was starting

[Senator Cook.]

slowly and he certainly needed more on the bandwagon. Also on Friday evening, at the end of a two-day conference between the federal Minister of Finance and the provincial Ministers of Finance and Ministers of Labour, one of the western delegates stated that he was going home disillusioned because the federal government did not know what it was doing. This was no surprise to me; the only surprise was that there was such a person left in western Canada who would believe that this government knew what it was doing.

Honourable senators will forgive me if I mention that the Progressive Conservative leader, a fellow-Maritimer, in the last election followed the course he thought best for Canada, although it did prove unpopular at the polls. The so-called White Paper or, as some term it, the whitewash, emphasizes the evils of inflation.

Senator Perrault: Hear, hear.

Senator Phillips: Yet the document, *Attack On Inflation*, accepts the fact that it already exists to an intolerable extent. It accepts this situation, and merely attempts to slow down the destructive effects of inflation. We have experienced 50 per cent inflation during the last five years. Is this to remain a built-in feature of our economy? Is there provision for any rollback or correction in the existing inequities? I can find none in the White Paper.

The first step mentioned by the Leader of the Government in the Senate is a crash course for Canadians in the economic facts of life, the economic conditions which brought about our high rate of inflation. I suggest, honourable senators, that we are starting at the wrong end of the spectrum. The Prime Minister and the members of his Cabinet and, especially, those hundred or so advisers in the Prime Minister's office, are those who should receive the first crash course in the economic facts of life. Let us close Parliament for a month and send the whole lot of them off to Meach Lake for a month in the hope that they can find a solution.

Part of that course should include a review of the warnings issued by the Parliament of Canada with respect to inflation. Senator Everett and the Standing Senate Committee on National Finance several years ago issued a warning against inflation. That report stated that the committee had considered wage and price controls as a possibility, but did not believe Canadians were ready to accept them. There is still considerable evidence today that that report is correct.

In 1970 the House of Commons Committee on Finance, Trade and Economic Affairs, dominated by Liberals and chaired by Mr. Herb Gray, who was later a Cabinet minister, reported that the inflation of the day had tended to institutionalize itself as a persistent and would-be permanent guest in our system through, among other factors, the widespread development of an inflation psychology. Now, five and a half years later, the government has found that an inflation psychology has gripped the nation. This is hardly jet age communication.

● (2100)

Let us review a few of the events which have occurred since 1970. The cost-of-living index in September 1970 was 129.7. Three years later, in September 1973, it was 151. In June 1974 the cost-of-living index had reached 166.7.

Honourable senators will recall that an election was held, and a Liberal government returned. Six months later the cost-of-living index was 176.6, an increase of 10 points in six months. In February of this year the index was 178, and in September it had reached 189.3, an increase of 12 points.

Budgets were presented in November and June, but they did not check inflation. In fact, many Canadians believe the government allowed inflation to develop so that they could point to such factors as an increased gross national product and say, "The land is strong."

Instead of trying to check inflation at the outset, the Prime Minister moved around like a grasshopper on skates. One statement was that inflation had been checked, that unemployment was now the problem. Two months later the pendulum had swung the other way and he was reversing his statement. Today we have the worst of all worlds—inflation, high unemployment, and interest rates that almost equal those of loan sharks.

Honourable senators, it is a legislative tragedy that the government ignored so many warnings, and allowed a 50 per cent inflation rate in five years. It is even worse that after witnessing the devastating effects of inflation for many years, the planned attack is one of compound confusion. The Minister of Labour makes the statement that the inside postal workers are not within the guidelines, the Minister of Finance contradicts it, and the Prime Minister makes a different statement each time he is booed, which is about every time he makes a public appearance.

Last week on his selling tour, the Prime Minister started out in Winnipeg by talking about an 8 per cent increase in wages. By the time he had reached Toronto he had upped the ante to 12 per cent. If he visits the 1976 Olympics site in Montreal, he will certainly have to raise the ante again.

If the planned attack on inflation is to work, the wage increase cannot be in direct proportion to the boos and adverse reception received by the Prime Minister and other cabinet ministers.

Senator Perrault has asked us on this side of the house to make suggestions that would assist in having the planned attack on inflation accepted. I have noticed that the Prime Minister's "inflation psychology" speeches are made before the more affluent groups such as chambers of commerce, Rotary clubs and other service clubs.

Senator Perrault: Are you attacking Rotary?

Senator Phillips: No, I am not. Honourable senators realize that not every citizen in Canada can afford to eat in the most expensive hotels in the country and not every citizen can deduct the cost of a meal as a business expense from his income. Most people have been hard hit by inflation and must budget.

I have noticed during election campaigns that the Prime Minister is brought into closer contact with voters than he is during his present selling tour. I have noticed too that certain senators, such as Senator Davey, Senator Stanbury, and perhaps Senator Perrault, have had a hand in arranging huge rallies for the Prime Minister in various parts of the country. I would suggest to honourable senators opposite that they arrange a rally to which everyone is invited, and let the Prime Minister present his program. I realize it would take a major and expensive advertising

campaign to get people to attend such a meeting, but we could sell the Prime Minister's swimming pool and use the proceeds for such a purpose. No doubt it would help draw a crowd, and would give the Prime Minister a more representative audience than he has had in the past.

I am sure that most Canadians would like to practise the voluntary restraints which have become part of the political theme song. However, it is impossible for the average individual to practise voluntary restraint. Let us take the case of an individual, a public servant, married with two children, receiving a salary of \$16,000 a year. He receives a pay increase of 8 per cent, or \$1,280. His first deduction is that of income tax, of at least 25 per cent, or \$320. Another \$100 will be deducted for superannuation, unemployment insurance, and other deductions at source. If he is lucky he will be able to take home approximately \$860 of his pay increase. His rent will have gone up \$300; his utilities—hydro, water and telephone—another \$100; and heating fuel and gasoline, another \$100. Household and car insurance is up 25 per cent, and we can therefore deduct another \$50 or \$75. The increase in the cost of food will amount to \$385, based on a low estimate of \$60 per week for four people.

This individual faces an increase in his cost of living that is greater than the increase in his take-home pay. And we have not considered extras such as clothing, entertainment, municipal taxes—which have gone up approximately 20 per cent—and many other services.

In many cases five-year mortgages at 8½ per cent are coming up for renewal. They are being renewed at 12¾ per cent and 13 per cent, costing the homeowner an extra \$1,000. In the case of someone having to renew his mortgage this year, the increase in interest rates and income tax alone would consume that pay increase of \$1,280.

Honourable senators, among the items I have listed, not one is voluntary on the part of the citizen. He is forced to pay them all.

One of the most frequent criticisms of the rather indefinite anti-inflation program is that it is unfair to those receiving the lowest income. The \$600 increase permitted in the White Paper is considered too low, and last week the Prime Minister stated that it would be reviewed. However, one aspect that is overlooked is the fact that working women earn less than men. In 1974, the average woman in the labour force faced a wage differential of \$5,400. This plan will perpetuate, and indeed widen, the gap between salaries earned by men and women, and, of course, will do the same thing in the case of those receiving a low income compared with those who receive a medium range income.

● (2110)

The plan makes no allowance for catch-up in respect of regional disparities. Workers in the Atlantic provinces receive far less—approximately one-third less—than those in Ontario and the rest of Canada. I should like to see some provision to enable workers in the Atlantic provinces to obtain, or approach, parity with workers in other parts of Canada.

In order to have the plan obtain acceptance by the general public, it will be necessary to avoid further tax increases at all three levels of government. It will be necessary to cut back on some expenditures and improve the administration of others. We must persevere without more Mirabels, and we must have more accurate estimates of projects undertaken by the federal government. The first phase of the Mirabel Airport has now cost more than the original estimate for all three phases. The third phase of the government building in Hull, Place du Portage, was originally to cost \$27 million. The cost is now at \$97.5 million, and still climbing. The new Bank of Canada building is the most expensive building in Canada. We must cut back on many of these expenditures.

The federal government must provide leadership and example. It must be open and aboveboard. Just before the austerity program was announced, over 1,100 senior bureaucrats received last minute pay increases up to \$6,000. There seems to be some great secrecy about the date those pay increases became effective, but it is interesting to note, honourable senators, that our deputy ministers receive twice the salary of their counterparts in the United States.

If these mandarins are so good, why was it necessary to raid that maximum security institution for defeated Liberals, the Power Corporation, in order to get a chairman for the Anti-Inflation Board? Surely, among the 1,150 mandarins who received last minute pay increases, there must be at least one who could have been appointed chairman of that board. If not, why raise their salaries?

Interest rates are one cause of our high rate of inflation. Not only are high interest rates reflected in the increased cost of production, but our workers must receive more to meet increased mortgage and rental payments. Yet, we are able to make loans to various foreign countries at practically no interest. Last May Canada loaned \$500 million to Russia. We have also loaned money to Iran, which is a very rich country. If we can make money available to Russian communists at practically no interest, why can't we do something of a similar nature for Canadians? Why not lower interest rates? The government has promised that we will shortly receive a new housing program. Let us hope that this will include lower, more reasonable, interest rates.

Again, let me emphasize the necessity for restraint by the federal government as well as the other levels of government. Since this Prime Minister took office, federal government spending has tripled. Also, the money supply has increased by 111 per cent—15 per cent in the last year alone!

Senator Perrault listed external forces, such as the increased cost of imported oil, as being the culprits contributing to inflation. Admittedly, increased oil costs have been a factor, but certainly not the major factor that some

would lead us to believe. The main cause of inflation has been sheer financial irresponsibility on the part of the federal government, and until we receive better leadership from the government in this regard, inflation will continue. It is going to take a major change in government policy to halt inflation, and I hope we will see that change in the months ahead.

Earlier I mentioned the effect of income tax and other numerous deductions from an individual's pay. The balance is further hit by provincial and municipal taxes to the point where the individual has very little left except an empty pay envelope. The Government of the United States is considering a huge tax cut to help those in the lower income brackets. This is a policy which I feel should receive further consideration in Canada. I know the subject can be argued on two sides. There are those economists who say that tax cuts will put more money into circulation and increase the inflationary spiral. However, my view is that the Canadian worker has to receive some relief, and the only logical source of that relief is a cut in tax rates.

The Anti-Inflation Board will have extremely wide powers. The chairman will have all the powers of a communist commissar. There is no provision for a parliamentary review of the regulations established by the Anti-Inflation Board. The Standing Joint Committee on Regulations and Other Statutory Instruments can review these regulations, but only in the context of the regulations being within the scope of the act. It cannot consider the fairness or the wisdom of the regulations. I believe there should be provision made for a review of those regulations by both Houses of Parliament, thereby allowing a check on the wisdom of the regulations and, what is more important, the effect of the regulations. After all, we are granting a lot of power for three years.

Last evening I watched a special edition of *News Magazine* on the CBC. I was surprised to hear accountants state that companies could juggle their accounts in the range of 5 to 15 per cent. Perhaps they were merely looking for business. I was rather surprised at that figure. However, should that be the case, it will take an army of accountants to check the accounts of multinational corporations and large Canadian corporations with a number of subsidiaries. It is little wonder that labour feels the attack on inflation favours business.

In summation, if this program is to be successful, many changes will have to be made. If the government expects cooperation, government arrogance must be a thing of the past, and the government must realize that cooperation is a two-way street.

Honourable senators, I have tried to convey to you the fact that I have a certain amount of pessimism concerning the success of this program. I want to close my remarks by saying that no one will be more pleased than I if it does work.

On motion of Senator Forsey, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 29, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

COMBINES INVESTIGATION ACT

CONFLICT OF INTEREST—QUESTION OF PRIVILEGE

Senator Godfrey: Honourable senators, I rise on a question of privilege. Last night Senator Flynn made some comments on my declaration of conflict of interest which I made last Wednesday with respect to Bill C-2. I must say that after listening to Senator Flynn it became apparent to me that my brief remarks explaining why I considered that there was a conflict of interest were misunderstood, and it was obvious that the reason that they were misunderstood could only be because they were inadequate, and for this I must take the blame. I feel I owe it to this house to amplify my remarks because it would be unfortunate to leave the wrong impression. I shall be as brief as possible.

You may recall that I said last Wednesday, and I quote from Senate *Hansard* of that date:

With regard to this particular legislation, Bill C-2, that is about to be debated, I should like to say that before I was appointed to the Senate I was active in the preparation of briefs, on behalf of clients of my firm, addressed to the minister concerned.

While I did not explicitly say so, I certainly meant to imply, and I thought everybody would understand, that a fee was charged by my firm for my services in the preparation of those briefs, and that I as a partner shared in that fee.

Senator Flynn referred to the Green Paper, *Members of Parliament and Conflict of Interest*, presently being considered by the Standing Senate Committee on Legal and Constitutional Affairs. That paper at page 1 gives the following definition of "conflict of interest":

A conflict of interest denotes a situation in which a Member of Parliament has a personal or a private *pecuniary* interest sufficient to influence, or *appear to influence*, the exercise of his public duties and responsibilities.

Every definition that I can recall ever having read, including one, I might say, by Winston Churchill, emphasizes the fact that even the appearance of conflict of interest constitutes conflict of interest in itself. Furthermore, I should point out that the definition is confined to "pecuniary" interest. Senator Flynn expressed the hope that my action in declaring what I considered to be a conflict of interest would be considered by the Standing Senate Committee on Legal and Constitutional Affairs during their deliberations on the Green Paper. In that connection I would like to refer to proposal No. 3 contained in the Green Paper, appearing at page 28, reading as follows:

It is recommended that the following provision be incorporated in the Standing Orders of the House of Commons and the Rules of the Senate:

A Member (Senator) shall not advocate any matter or cause related to his personal, private or professional interests among Members or Senators, or among public servants, or before any Government boards or tribunals, for a fee or reward, direct or indirect.

The Green Paper continues in an explanatory paragraph, to which I would like to refer:

On occasion Members of Parliament, regardless of profession or occupation, may be requested to intercede with public servants or government bodies on behalf of constituents. This should be considered part of their normal representative duties and it seems unreasonable to prohibit Members from discharging such a fundamental responsibility. However, if Members accept a fee for performing these duties, there is little doubt that they can be accused of having a conflict of interest in as much as they are receiving pecuniary rewards for performing duties associated with their public office.

In view of the proposal which I have just read, Senator Flynn can rest assured that the principle behind the position I took last Wednesday will be considered during the deliberations of the committee. However, whether or not the committee or this house agrees with proposal No. 3 in its entirety, with all of its ramifications, I want to say as bluntly and as clearly as I can, so that there will be no possibility of misunderstanding; that in my judgment it would be highly improper for any member of Parliament, be he in the Commons or the Senate, to accept a fee, professionally or otherwise, either for personally making direct representation to a minister, or for his personal assistance with the preparation of a brief to a minister, with respect to legislation then before Parliament. That does not mean he cannot do so, but simply that he cannot take a fee for doing so. I wish to make it equally clear that I am not implying that a member of this house has ever done this because, knowing the members of this house as I do, it would be inconceivable to me that any member would do so.

I had accepted such a fee before I was a member of this house. Of course, there is nothing improper in that, but I did feel that I owed a duty to this house and to the public, and that is just as important, to disclose this fact and disqualify myself from voting and speaking on Bill C-2. No one will ever convince me otherwise. I can hardly imagine anyone seriously arguing that there was not at least an appearance of conflict of interest.

Senator Flynn also said last night, and I quote from page 1309 of yesterday's *Hansard*:

Well, if I were bound by the criteria suggested by Senator Godfrey, I would not be entitled to discuss any kind of legislation here at all because I or my partners have touched on practically every field of law. The same thing would apply to other members of the Senate interested in particular fields such as agriculture, labour relations, and so on. If all the expertise we have in the Senate could not be put to use, of what use then would the Senate be?

I covered this very same point at great length in my maiden speech delivered in this house on December 5, 1973, when I moved second reading of the Foreign Investment Review Act. I mentioned this speech last Wednesday. In order to save the time of interested senators so that they will not have to wade through the whole of that lengthy speech, I would like to quote briefly from it. On page 1262 of Senate *Hansard* of December 5, 1973, I said:

I certainly have no greater financial interest in this particular subject than, say, a farmer speaking on agricultural matters, a doctor speaking on medicare, or a manufacturer speaking on manufacturing. It would, in my opinion, be ridiculous to say that Parliament should be denied the benefit of the opinions, advice and vote of those gentlemen on those subjects because they have a special personal, financial interest in them. Surely one of the strengths of Parliament is that it is composed of members who represent diverse interests, as well as different regions.

However, in my opinion lawyers have special problems. When a farmer or doctor or a manufacturer rises to speak it is common knowledge that he is a farmer, a doctor or a manufacturer, and people will judge what he says in that light. When a lawyer in active practice gets up to speak it is not common knowledge who his clients are, or even what type of clients he or his firm act for, or what influences there are which consciously or subconsciously may have been brought to bear on him.

Later on I said:

I think that for the purpose of this debate, and any similar debates in the future on legislation generally affecting the business community, it should suffice for me to say that my firm acts primarily for corporate clients, covering a broad spectrum of the business, financial, manufacturing, resource and transportation businesses, many of which will be affected by this legislation.

It goes without saying that I shall certainly make a conscious effort to make sure, as I am sure every honourable senator who is a lawyer does, that anything I say or do in this chamber will not in any way be influenced by the fact that it might affect a client of my firm, and that I will in no way allow my professional interest to conflict with the proper discharge of my duties as a senator . . .

I trust that what I have said will be considered sufficient to disclose any possible conflict of interest or bias which I may have with respect to this particular bill. I do not propose to repeat what I have said today if I speak or vote on other bills which may affect corporate clients of my firm generally. I think

[Senator Godfrey.]

my firm is of sufficient size, and our clientele encompasses such a broad spectrum of the business world, that I can hardly imagine any bill which comes before this house affecting business generally which will not in some way affect one of our clients. However, if any bill affects a particular client in some special way, then of course I shall have to consider whether or not it is proper for me to vote or speak on such a bill, and if I did whether, in addition to pointing this out, I should actually name the particular client.

I trust that Senator Flynn will now be reassured by the remarks I have just quoted and what I have said today, and be convinced that any precedent that may be established by my action of last Wednesday should not normally restrict or embarrass any senator, particularly those who are lawyers, in carrying out their duties in this house; nor should it restrict their partners or associates in carrying out their professional duties for their clients.

Senator Desruisseaux: Honourable senators, I also rise on a question of privilege. I have heard the remarks of Senator Godfrey on conflict of interest. My purpose in rising today is to state that I share Senator Flynn's views on conflict of interest. I do not feel it would be in good taste to discuss the merits at this time of what could be the definition of a conflict of interest, or how it should be handled, because this is a matter which is presently under study by the Standing Senate Committee on Legal and Constitutional Affairs.

• (1410)

I should like to say only that I fully, and without reservation, concur with Senator Flynn's views yesterday regarding his interpretation of what constitutes a conflict of interest.

Briefly, I will not let the thinking of others on what constitutes a conflict of interest influence me or prevent me from expressing the views and experiences that I have acquired through a full and long life, and I will continue to give the Senate the benefit of my thinking, based on my practical experiences and those of my associates, as to what I believe would be best for our Canada. I can inform honourable senators now that it is my intention to express my views in the Senate as long as I am a member of the Senate and able to do so on the basis of these criteria.

I need say no more at this time other than to express the hope that no member of this chamber, under any circumstances, will hesitate to continue on all occasions to do just that, to give us the full benefit of his or her tested experiences and acquired knowledge.

THE HONOURABLE SALTER A. HAYDEN

CHAIRMAN OF STANDING COMMITTEE ON BANKING, TRADE AND COMMERCE—TRIBUTES

Senator Desruisseaux: Honourable senators, if I may be permitted, I should like to say a few words about one of our colleagues, the Honourable Senator Salter A. Hayden. I believe this is an excellent occasion to pay special homage to Senator Hayden, the Chairman of the Standing Senate Committee on Banking, Trade and Commerce. This outstanding and illustrious Canadian has been participating in civic and public life since 1935, a period of over 40

years. He has been continuously active in the Senate since 1940, a good 35 years. Senator Hayden and Senator Pater-son are equally first on the senators' seniority list, both having been summoned to the Senate on the same date.

A few months ago, Senator Hayden decided to retire from a very brilliant and highly successful legal career during which he served Canada and his fellow Canadians for some 53 consecutive years. I am told his retirement turned out to be somewhat symbolic as he is still hard at work and continues to help many of his fellow Canadians with his sound legal advice, his good counsel, and lucid judgments.

We in the Senate are privileged to be able to work with him and we are grateful to have benefited from his great wisdom, his prudent advice, his foresight, his broadness of views, his fairness and perspicacity, his comprehension, the liberalism of his ideas, his humaneness, his clearness and lucidity, and what has become known as the "Hayden approach" to the important problems of our country in our time.

It is of deep personal satisfaction for me to have the opportunity to serve on the Standing Senate Committee on Banking, Trade and Commerce, a committee which he has so brilliantly and ably chaired over the past 25 years.

When the frankness of his thinking and his actions made him a target of some, he courageously chose to ignore those and pursued the course which seemed to be beneficial and good for Canada. It is no wonder he has become one of the most valuable constructive contributors in the public life of Canada.

To the Honourable Senator Hayden I express today our gratefulness. Senator Hayden gives so much of himself and has accomplished so much for our country, for our Parliament and for the Senate. It is to be hoped that our illustrious senator and his charming wife will continue to have a long life of personal satisfaction and happiness with us in the Senate.

Senator Walker: Honourable senators, I do not know whether we are out of order but I would certainly second the very appropriate remarks of my honourable friend who has just concluded.

Never in my experience, either in the Senate or the House of Commons or at the Bar, have I ever known a person having a more acute legal mind, with a great ability to express himself in legal matters and with an uncanny ability to almost, off the top of his head, dictate legislation. It is an amazing gift. It takes most of us hours and hours and hours to do a paragraph, but he can do it off the top of his head. He is one of the most remarkable people I have ever met in my life.

In addition, he is a very human person. Day after day we get these long-winded witnesses in the Banking, Trade and Commerce committee and he would just say, "Leave it to me." He would, without offending them, or hurting them, or even without their knowing about it, cut them down to size. They would even go away rejoicing that they had such a good hearing. That is a talent that very few of us can match.

I have a special reason to thank him. In 1962, after I had been in the largest majority since Confederation in 1958, I ran and was defeated by none other than Senator Hay-

den's junior, Donald Macdonald. That was a great favour he finally conferred on me but I did not think so at the time. Not only that but, to knock off Walker, he gave Donald Macdonald a whole year off with salary, provided that he do a house-to-house canvass. He worked that out quite successfully. Secretly I have had a great admiration for him, to be able to contrive that. I did not think it was possible.

I was only in my riding for three days in that election. I went across Canada three times as the Minister of Public Works, responsible for housing, and so on. I did not realize that this handsome young man, about six-foot four, was canvassing homes a second time, showing what a nice fellow he was, and all the time getting a salary from Salter Hayden's firm.

Another reason he is a friend is that he indirectly did me a favour. If I had not lost that year by 414 votes I would have lost the next time because six months later the person who succeeded me got beaten by 7,500 votes.

I have many reasons to be thankful to Senator Hayden, but let me say again that I admire brains. I admire people with brains who can express themselves and use that expression in a great cause. The very reputation of this house depends to a large extent on the proper working of the Banking, Trade and Commerce Committee, which is known all over Canada for the justice of its hearings and for the amount of work it accomplishes. A great deal of this is due to Senator Salter Hayden.

Again, I have great pleasure in joining my friends, and I am sure I speak for everyone in the Opposition, in paying tribute to Senator Hayden today on the 25th anniversary, not of his being in the Senate, for he has been here far longer than that, but of his being chairman of our Banking, Trade and Commerce Committee.

RULES OF THE SENATE

REPORT OF THE STANDING COMMITTEE ON STANDING RULES AND ORDERS PRESENTED

Hon. Hartland de M. Molsort: Honourable senators, I have the honour to present the report of the Standing Committee on Standing Rules and Orders recommending certain amendments to the Rules of the Senate, and I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day to form part of the permanent records of this house.

The Hon. the Speaker: Is there unanimous consent, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, p. 1331.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Molson moved that the report be placed on the Orders of the Day for consideration on Wednesday, November 5, 1975.

He said: Honourable senators, although I have moved that the report be taken into consideration on November 5, I should like at this time, if the Senate permits, to make a brief statement in explanation of the report.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Molson: As honourable senators are aware, the Standing Committee on Standing Rules and Orders is empowered by the Rules of the Senate on its own initiative to propose to the Senate from time to time amendments to the rules. As amendments to the rules have periodically been suggested and discussed in this chamber, and because it was felt that certain of the rules needed clarification, the committee was called in April to deal with the whole matter. In all, five meetings were held: the first in April, the last on October 22. The committee has gone over the rules thoroughly and has given careful consideration to all proposed amendments. The report presented to the Senate this afternoon contains the recommendations of the committee.

Honourable senators will note that the recommended changes in or additions to the rules are set out in this report in a different manner than is usual in this type of report. The proposed amended rule is set out in one column and the present rule is printed in the opposite column. In the case of a proposed new rule it is noted in the opposite column that it is a new rule. This has been done so that honourable senators may readily see just what the recommended changes are, and to facilitate their consideration thereof.

If these amendments to the rules are agreed to by the Senate, it will of course be necessary to have the rules reprinted. This will afford an opportunity to make some necessary changes in the appendices to the rules.

Appendix 1 is the Table of Related Statutes. The committee has asked the Law Clerk of the Senate to bring this table up to date to cover legislation passed since the last printing of the rules, and also the new revised statutes.

Appendix 2 contains the Forms and Proceedings of the Senate. These are not rules, but evidence of Senate practice, and for convenience are included in this volume as a source of information on customs, usages, forms and practices of the Senate referred to in rule 1. It has been recognized for some time that certain changes should be made in the forms and proceedings for purposes of clarification, and to conform with modern Senate practice. At the request of the committee the Clerk of the Senate has arranged to have these changes made, and, of course, in doing this, he will take into account any amendments that may be adopted by the Senate.

In addition to the foregoing the committee has asked the Clerk of the Senate to revise the marginal notes, and to have a new index to the rules prepared. A number of senators have expressed dissatisfaction with the present index, and as certain changes would have to be made in it to agree with the amendments to the rules, this seemed to be the proper time for a completely new and improved index, which it is hoped honourable senators will find to be more helpful than the present one.

I have asked to have the report printed as an appendix to the *Debates of the Senate*, and to the *Minutes of the Proceedings of the Senate*, in order to give all honourable senators time to examine the changes. When the report is taken into consideration on November 5 next, I will run

[Senator Molson.]

over the proposed rules and answer any questions. In this way it is hoped that honourable senators will find themselves fully informed of and in a position to give approval to these proposals.

Motion agreed to.

● (1420)

PAN AMERICAN GAMES

CONGRATULATIONS TO CANADIAN TEAM MEMBERS

Senator Greene: Honourable senators, may I ask for the unanimous consent of the Senate to pass a resolution of congratulations to the young men and women from all over Canada who so distinguished themselves at the recently concluded Pan American Games in Mexico, not only distinguishing themselves by the quality of their behaviour but by their great success in winning more medals than have ever been won by a Canadian team before. It is truly, I suggest, a great national accomplishment and, hopefully, a precursor of similar things to come in our Olympics next year.

Hon. Senators: Hear, hear!

The Hon. the Speaker: Is there unanimous consent, honourable senators?

Hon. Senators: Agreed.

[Later:]

Leave having been given to revert to Notices of Motion:

Senator Greene: Honourable senators, in order to complete procedurally the matter earlier raised, I move, seconded by Senator McIlraith, that the Senate offer congratulations to the young men and young women from all over Canada who so distinguished themselves at the recently concluded Pan American Games in Mexico, not only distinguishing themselves by the quality of their behaviour, but by their great success in winning more medals than have ever been won by a Canadian team before.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CHANGE IN COMMITTEE MEMBERSHIP

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Giguère be added to the list of senators serving on the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

HER MAJESTY THE QUEEN

CELEBRATION OF SILVER JUBILEE IN CANADA—QUESTION

Senator Forsey: Honourable senators, I have another question for the Leader of the Government. This one he may perhaps be able to answer immediately.

During the summer I ran across an item in the London *Times* headed, "The Queen's Silver Jubilee to be Celebrated." My question arises out of that.

Has the government made, or is it making, any preparations for celebrating the Silver Jubilee of the Queen's accession? If no such preparations have been made, is it the government's intention to see that suitable celebrations will take place?

Senator Perrault: Honourable senators, I must take that question as notice. However, I am sure that because our nation is one of the senior members of the Commonwealth, the Queen's Silver Jubilee will be honoured suitably in this country.

FOREIGN AFFAIRS

PROPOSED SALE OF CANDU REACTORS TO ARGENTINA AND KOREA—QUESTION ANSWERED

Senator Perrault: Honourable senators, may I take this opportunity to provide a reply to a question asked yesterday by Senator Forsey. The question was with respect to the present stage of negotiations with Argentina in the first place, and the Republic of Korea in the second place, on the matter of sales of Candu reactors to those countries.

I would like to reply as follows: the present state of negotiations with Argentina and the Republic of Korea with respect to Candu reactors is that they are in the final stages.

● (1430)

Senator Forsey: I congratulate the Leader of the Government on the very informative reply he has given. He may hear further from me on the subject.

Senator Perrault: May I say that I quite realize my reply has been rather incomplete, but I hope that further information will be received in the near future from the appropriate sources.

[Translation]

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS—QUESTION

Senator Asselin: I would like to ask the Leader of the Government if he is in a position to inform the Senate as to whether substantial progress has been made in the present dispute between the postal workers and the Postmaster General; are negotiations moving? Can we expect a settlement in the near future in the interest of the Canadian economy?

[English]

Senator Perrault: Honourable senators, I appreciate very much the opportunity to report to the chamber on the progress of negotiations. I have a situation report as of 2 o'clock this afternoon. Meetings this morning went very smoothly, and the talks broke off at 12 noon, but only temporarily, I am pleased to report. Both sides will be back at the table at 4 o'clock this afternoon to reassess what are termed as the last of the non-monetary requests. Everything seems to be going very smoothly and both sides are quite optimistic.

Senator Croll: But the strike is still on, if you want to know.

THE CANADIAN ECONOMY

DECLINE IN VALUE OF DOLLAR—QUESTION ANSWERED

Senator Perrault: Honourable senators, a question was asked by Senator Phillips on Thursday, October 23, relating to the purchasing power of the dollar in the years 1970 and 1971. The 1946 dollar had a purchasing power in 1970 of 46 cents, and in 1971 of 45 cents. Of course, its purchasing power has declined further since then.

Senator Walker: What is it now?

Senator Perrault: The information I gave in my speech on Thursday is that the 1946 dollar now has a value somewhere in the region of 38 cents in terms of purchasing power.

ATTACK ON INFLATION—DEBATE CONTINUED

The Senate resumed from yesterday, the debate on the inquiry of Senator Perrault calling the attention of the Senate to the White Paper entitled: "Attack on Inflation—a program of national action," together with a booklet giving the highlights of the government's anti-inflation program, both dated October 14, 1975, tabled in the Senate on Tuesday, October 21, 1975.

Hon. Eugene A. Forsey: Honourable senators, my first and most agreeable duty this afternoon is to congratulate Honourable Senator Phillips on the admirable and most entertaining speech which he made last night. I don't wish that to be taken as indicating complete agreement with all he said, although there were certain points, as will appear shortly, on which I did agree with him.

I was particularly delighted with his witticisms, though they were rather stinging witticisms for a supporter of the government. There were moments when I almost felt as if I were listening to the Right Honourable Member from Prince Albert, and I think I can pay no higher tribute to Senator Phillips' wit than to say that.

The only points in Senator Phillips' speech that I want to take up directly are, first of all, the rather revolutionary suggestion—at least, this seemed to be the implication of what he said—that the government's proposals for restraint on prices and wages and salaries and other forms of compensation did not contain anything to roll back prices and compensation to a level some distance back in the past. I don't know quite how far he wanted to go, but he seemed to think that it was a fault of these proposals that they were not going to tackle the inflation which existed before the regulations and guidelines were to come into effect. That strikes me as not only a revolutionary proposal—and a revolutionary proposal is the last sort of thing I should expect from Senator Phillips—but really a rather unrealistic one. I don't think one can really expect that any government at this stage of the game could say, "Well, let us now set to work to put all wages, prices and salaries—the whole bag of tricks—back to where they were a few years ago."

Senator Greene: Good Tory thinking!

Senator Forsey: Well, I leave these gibes to an accomplished master of the art like Senator Greene.

Senator Flynn: You can leave it to him for sure.

Senator Forsey: I have no intention of trying to rival the wit of either Senator Phillips or Senator Greene.

There is one point on which I think Senator Phillips made a slight mistake, and I have seen the same mistake elsewhere, in the public prints—the newspapers—namely, that the guidelines do not provide for any rectification of disparities between men and women workers. I think this is a mistake. I think if the White Paper is carefully consulted it will be found that in fact this matter is dealt with—that any levelling up of the wages or salaries or other compensation between men and women is expressly excepted from the operation of the guidelines and regulations. That, at least, is my reading of the proposals.

There was perhaps one other point where I think Senator Phillips was a little bit inaccurate, and that is with regard to the powers of the Joint Standing Committee on Regulations and Other Statutory Instruments, of which both he and I are members, and to which he has already made a distinguished contribution, I am happy to add. I think if he examines carefully the criteria which the committee has adopted he will find that while, of course, it is not within its ambit to discuss the basic policy of regulations or other statutory instruments, it is possible for the committee to comment on, not merely the question of *ultra vires* or *intra vires*, but also upon the drafting, the clarity or the obscurity of the drafting, and upon whether the regulations or instruments of any other kind impinge unduly upon the liberty of the subject, whether they make an undue or unexpected or startling or extravagant use of the powers conferred by statute, and so forth. There is a long list of criteria adopted by the committee and approved by both houses, to the best of my recollection, which goes beyond the narrow field that Senator Phillips indicated. I think that is a healthy thing, though I must add that personally I look forward with a certain shuddering and horror to the amount of work that is likely to be thrust upon us in that committee with the regulations that will emanate from the various bodies under the legislation which is to be submitted to us.

I am not going to go into the details of this policy because that is a matter which will come before us later when the bill comes to us; and I might add that although I am anxious to see this legislation go into effect as soon as possible, I hope that when the legislation comes to us it will not have attached to it some kind of red sticker saying that it must go through in the course of 24 hours or something of that kind. I think it is necessary that it should be carefully examined by the Senate. I think it is important to the public that it should be carefully examined by the Senate, especially in view of the fact that we have in this chamber an immense reservoir—which is seldom appreciated outside—of political, legal, administrative and business experience which can quite possibly bring about marked improvements in the details of the legislation. So I don't think we should be backward in coming forward and making this reservoir of experience available to the government and the other place and the people of Canada in regard to this legislation.

[Senator Greene.]

Having said that I want to look at certain general features of the policy, prefacing what I have to say with the statement that I don't think there are any easy answers to this question of inflation.

● (1440)

I am constantly astonished by the number of people who are prepared to come forward with a "fit and fair and simple and sufficient" answer, a single answer, to what appears to me to be a very complex problem. I am always suspicious of easy and simple answers. Most of the problems which face us are complicated and anyone who professes a simple answer I think is fooling himself and may be trying to fool his auditors or readers. I do not think there is any simple answer; I do not think there is any one cause for the inflationary problems we face, in common with most of the countries of the Western world. I think, therefore, one has to have a relatively complex policy to deal effectively with these problems.

The first main point I want to make about this policy has to do with the constitutional validity of the legislation which will be before us later. There was an article in the *Globe and Mail* the other day by Professor J. D. Morton, from one of the law schools in Toronto—I cannot remember which one at the moment—which expressed astonishment that no one had commented on the constitutional problems involved. He then proceeded to comment himself and I must say that, with all my respect for the legal profession and every member of it, and my respect for professors of law in particular, I think he was throughout the article talking through his hat. I do not think the points he made were in any respect valid. The most foolish of them, I thought, was his suggestion that when the Prime Minister and other members of the Cabinet and, by implication, other members of Parliament, spoke in public on this subject and tried to justify the policy, they were in a sense showing contempt for Parliament. That smells like a whiff of Queen Victoria denouncing the Midlothian campaign of Mr. Gladstone, which she thought exceedingly improper. I can see nothing improper, let alone unconstitutional, in ministers or members of Parliament taking to the hustings across the country, or taking to the Rotary clubs, or whatever else it may be, to explain and defend government policy.

The rest of the article was somewhat more serious than that, but the only part of it that I want to make any specific reference to is the question of jurisdiction of this Parliament in comparison with the jurisdiction of the provinces.

It seems to me quite clear that this legislation is within the powers of the Parliament of Canada, even upon the narrow construction of the peace, order and good government power elaborated first by Lord Watson and then by Lord Haldane, which would have whittled that power down to not much more than one to be used in grave national emergencies, of war, or famine, or pestilence on a national scale.

In the Canada Temperance Act case of 1946 Lord Simon, speaking for the Judicial Committee, pretty well threw that emergency doctrine out of the window, but it was hauled back in again the next year by the Judicial Committee in the Japanese Canadians case.

Since the Supreme Court of Canada became the final court of appeal in this country, the Supreme Court, I think, has tended to lean in the direction of the judgment of Lord Simon in the *Canada Temperance Federation* case and, incidentally, the judgment in *Russell vs. The Queen* in 1882, and give to the peace, order and good government power something more like the scope which the Fathers of Confederation unquestionably intended it to have.

But even if the courts were to decide that the emergency doctrine still applied in this case, I should consider it quite clear that the time limitation upon the operation of the act brings it squarely within the judgment of the Judicial Committee in the Board of Commerce and Combines and Fair Prices Act case in 1922.

I am, perhaps, stating this in a rather dogmatic-sounding way, which would be very improper for me if I meant it seriously. I give it merely as my humble lay opinion, but it seems to me perfectly clear that even on the Haldane doctrine, in view notably of the decisions in the *Fort Frances Power and Paper Company* and the Japanese Canadians cases, the courts would be very unlikely to find that this legislation was invalid, because it is simply temporary legislation for a limited period of time, in other words for something that might legitimately be considered a national emergency. I do not think the courts would go behind the opinion of Parliament itself on this matter unless there were very serious ground for believing it was merely colourable legislation.

The next point I want to deal with very briefly is the gibes the government has had to suffer for having changed its mind on this matter of wage and price controls. Well, in the first place I think it is clear that the proposals which the government has made, which it describes as restraint proposals, are not precisely the same as those advocated by the Conservative Party in the last election, but I am not prepared to lay a great deal of stress on this. You can argue it, and you can argue it back and forth, and if our friends in the Conservative Party get any satisfaction out of saying, "I told you so," and, "Ha, ha, now you have changed your minds," I think they are perfectly welcome to it. I am not worried about that. I am inclined to recall the remark of Lord Melbourne when he had changed his mind about the Corn Laws. He said, "We are very much in the habit of taunting each other with having changed our minds. We are always changing our minds all the time. It is nonsense..."—and here I quote verbatim—"It is nonsense to proceed with measures which it is impossible can succeed." So I think that if any government discovers—

Senator Flynn: You should add that you meant in an election it is stupid to advocate something that will not win the election.

Senator Forsey: No; I was not talking about an election at all. I think that any government faced with a situation which appears to it to have changed in a material manner is perfectly entitled to change its mind if it wants to and say, "The proposals which we formerly advocated now appear to be inappropriate and we propose to adopt other proposals which are suitable to the new situation."

Hon. Senators: Hear, hear!

Senator Forsey: I do not think this question, however, of whether the government has or has not changed its

mind, whether it has seen the light shed abroad by the Conservative Party in the last election, is really very important. We are confronted with a situation which is more serious than to warrant a long discussion of who started which and who said what first, and whether the Liberal Party has stolen the Conservatives' clothes while they were bathing.

Senator Flynn: No, no; they stole the election. That is the difference.

Senator Forsey: Well, I took a very minor part in the election. Possibly Senator Flynn took a larger part and is a better authority on the subject. I think that, perhaps, the experience in the previous election made the Liberal Party rather dubious of my value as an electioneering personage, because I appeared in 13 constituencies in the 1972 election and we lost 10 of them, including the constituency of the honourable Leader of the Government. He very generously forgives me for my share in his defeat.

Senator Flynn: That was not a very difficult task.

Senator Forsey: This time I think I appeared in five, and I suggested to the Prime Minister after the election that perhaps in the next election I should appear in none and then we might get a landslide; however, that's by the way.

In considering this problem of inflation, we must recognize that there are several different types of inflation. On the one hand, there is demand-push inflation; on the other hand, there is cost-push inflation. Cost-push inflation, in its turn, can be divided into two sub-categories: imported cost-push inflation and domestic cost-push inflation. I think that until a relatively recent time the bulk of our inflation was demand-pull, or cost-push imported. Either we were having too large and too rapid an increase in the money supply—and that I shall come to discuss in rather more detail very shortly—or else we were suffering from imported cost-push inflation through the rise in the prices of oil, notably, and of other imported products we could really do very little about in this country. We simply had to put up with it. We could redistribute the burden, of course, but we could not actually stop the thing.

More recently, we have had more, I think, of the other type of cost-push inflation, the type which has manifested itself more particularly in what seem to me excessive demands by the trade unions for wage increases. It rather hurts me, as an old trade union official, to say that there were excessive demands, but I think it is perfectly plain that, in fact, this is so. I can see the reason for it. Everybody can. You want to catch up. You don't want to suffer a fall in your real standard of living. You want if possible to anticipate further inflation so that you won't have to catch up, but will have got there before the prices do.

● (1450)

But the fact remains that if you have got this kind of demand being made, if you are trying constantly to anticipate inflation, you simply feed the flames of inflation and the demands are likely to become greater and greater, again in the perfectly understandable desire either to catch up or even to get ahead of the rise in prices.

So I think that the time had come when it was really necessary to do something about the domestic cost-push

inflation. That is what the government's proposal attempts to do.

This could have been done, of course, in several ways. It could have been done, for example, by imposing an immediate total freeze on all wages, salaries, dividends, other forms of compensation, and all prices. This would have involved setting up a very considerable bureaucracy, I should think, and it would also have run certain risks. One of them is illustrated by what has been happening in the province of British Columbia, if I am correctly informed, where the provincial government has imposed a temporary freeze on all prices, and where promptly, it seems, certain shops have said, "Well, in that case we are just not going to buy any more supplies. We are going to run out of supplies and you will find yourselves queuing up for an inadequate amount of supplies in the shops."

That is one danger. You could easily have that. The second danger provides a nice contemporary illustration of Father Ronald Knox's limerick about the young monk of Siberia:

There was a young monk of Siberia
Who of fasting grew wearier and wearier.
At length with a yell
He burst from his cell
And murdered the Father Superior.

Well, if you put on a temporary freeze, it is altogether likely that various people will say, "All right, three months, but then watch us. Then we shall murder the Father Superior. Then we shall go out for a real whacking demand for higher wages. Then we shall raise our prices to compensate ourselves for the losses we have been suffering during this temporary freeze." You run that risk.

In addition to that, of course, if the freeze is for any appreciable length of time, you are up against all sorts of problems of equity. The people who have just got increases are a jump ahead of the game. The people who haven't just got increases will complain bitterly. The companies which have just been making what they consider reasonable profits will feel this is all right for the time being. The ones which have been having hard luck and have been hoping, perhaps with good ground, to improve their position, will feel that they are being discriminated against.

Then, of course, there is also the problem that Senator Phillips referred to, the equitable relationship between men's and women's remuneration. Well, if the freeze is very short, I suppose these things are not too serious.

But I think there is another factor which enters in here. That is the necessity for people to learn long-term restraint in their demands upon the economy. To say this is to run the risk of being labelled a terrible reactionary, a hard-shell ultra Tory, far more conservative than members of the Conservative Party. It is to open oneself to attacks as a grinder of the faces of the poor, somebody who wants to preserve the Establishment and to blaze with the rest of the people. But I think it is necessary that something should be said about this.

The Prime Minister in his broadcast, I think, was relatively cautious in saying that we might have to learn not to expect such large increases year by year. I am afraid

[Senator Forsey.]

that it goes beyond that. I am afraid that in the whole of Western society we are coming to the point, if we have not already reached it, where the better off people at least—how you would define those is a matter of opinion—the better off people at least are going to have to realize that they probably cannot expect to go on getting more every year. We shall have to look after the poor—and my eye lights immediately upon Senator Croll: not that he is one of the poor, but that he is the champion of the poor. We shall have to look after the poor, and we have not been doing it at all successfully, I think we all agree. We shall have to look after the poor in Canada, and we shall have to look after the poor in the hungry two-thirds of the world.

I am not for a moment saying that we should preach restraint to these people. They are restrained enough as it is by force of circumstance, willy-nilly. But I do say that for people getting, let us say—drawing a figure out of the air—\$15,000 a year or so and up, which will include a good many members of a good many trade unions, we may have to learn that we cannot go on expecting more and more every year. We are going to be faced in the Western world with an increasing problem of scarcities. We are going to be faced more and more with the population explosion. We are going to be faced more and more with the pressure of the Third World, pressure which can express itself even in violent measures.

These, to my mind, are serious problems to which we have got to address ourselves, and during this period of restraint, which the government is proposing, some of these matters will have to be, I think, very seriously considered; matters even graver than those which the Prime Minister outlined in his broadcast.

I may remark parenthetically that it seems to me that on these long-term problems, which I have just been suggesting, the Senate is in a peculiar position to make a special contribution. A good many hard truths may have to be enunciated and a good many hard decisions may have to be taken; and the elected people are in a very difficult position. They can get out only so far ahead of the procession of public opinion, whereas we in the Senate are in a position to say some things that are not popular if we think it is necessary to say them, and to do something of a job of public education in this regard. Doubtless we should do it more effectively if our debates were more fully reported, but I think we have an opportunity and a special duty here, and one which can be performed perhaps by no other part of the political institutions of the country.

Now, the next thing is the question of price control versus wage control, price control versus compensation control. Some people say that the provisions in the policy for price control are worthless, that they won't work, they are not workable, they are ridiculous, that they are a mere mask, that it is really just a matter of the Establishment clamping down upon the working class and making a show of doing something about prices.

My first comment on that must be that it doesn't appear to be the opinion of the Establishment people themselves. I can hardly pick up a newspaper now without seeing something from the chamber of commerce saying that the policy discriminates against business, or without seeing an editorial or an article by a newspaper publisher saying that the freeze on dividends is going to be perfectly ter-

rible and disastrous, both of which comments seem to suggest that the price control features of the legislation will have some effect.

I cannot pick up a newspaper without seeing a comment such as that by the Premier of British Columbia, that he is putting on his temporary price freeze, he doesn't want it to go on beyond the beginning of the year because he thinks by that time the Dominion Government's policy of price control will be effective. Apparently it hasn't got through to a lot of people that this is going to be completely ineffective. I noticed also an article this morning in the *Globe and Mail* that the price control features of the policy will be a disaster for the department stores. I saw another article saying that the banks would be perhaps harder hit by this, and financial institutions, generally, would be harder hit by this policy than anybody else.

There have been distinct cries from the business world that labour is being treated too generously and the poor, unfortunate business people are getting the short end of the stick. I think one can balance that against the cries on the other side that the price control features of the legislation are pure eyewash, and that the whole thing is just a cover to do the working class in the eye.

I will say this, however, that if the price control features are not effective, reasonably effective, then it will be very difficult indeed to make the rest of the program effective. If it appears to working people that prices are just going sailing up without any kind of control on them at all, and that they are being asked to abide by guidelines which in fact don't apply to the other side of the economy, then I think it will be extremely difficult to prevent the working people of the country from being highly resentful.

I think that people who say the program will not be effective in this respect, or any other, are in duty bound to propose changes, and the government—notably at page 15 of the White Paper—has explicitly asked for suggestions, explicitly asked for proposals to improve the thing.

● (1500)

I do not think the government is under the impression that it has all wisdom and all knowledge under its collective hat. I think it is perfectly ready to receive suggestions and to give them serious consideration. It would be very foolish if it weren't, and I hope those who are so ready to say the thing won't work, or that it is highly imperfect, or that it is biased, or whatever other accusation they choose to level against it, will come forward with evidence of this and come forward with concrete, specific suggestions for improving the program.

As to the control over wages, I think it should be noted that if the price controls are really effective, there will be a tendency to improve real wages. The limitation on increases in money wages will, to some extent, be counter-balanced by the restraint upon prices, so that the real wages will not be eroded in the way that they have been in the past few years by increases in prices.

I think the \$600 exemption is too low. I think the figure ought to be higher, and I think it ought to start at a higher level of income than it does. I gather this suggestion has been received with some seriousness—it has come from various quarters—has been received with some seriousness by the government, and I hope it will be taken into

account and some change will be made there, because I think it is highly important that it should be, and it will do a great deal to convince the working people of the equity of the proposals.

The same thing is true about pensioners. I noticed that the Canadian Labour Congress has been saying something more should be done about pensioners. Well, if we really succeed in keeping prices within proper, reasonable, limits, this, in itself, will do something for the real income of the pensioners.

These are "ifs," of course, but I have already suggested that if we want this thing to work, we shall certainly have to put real teeth into the price control side of it and make sure that they bite where they should.

On the whole, I am inclined to think that one can perhaps best sum up the intention of the government's proposals on the subject of wages by quoting the distinguished British trade union leader, Mr. Jack Jones, who said, "What we want . . . "—he was speaking for the trade union movement in England and Great Britain generally—" . . . is a fair-for-all, not a free-for-all." So far we have had pretty much of a free-for-all. We have had the trade union version of unadulterated free enterprise, and I think the time has come, when the country is in such a difficult situation economically, that we must change from a free-for-all to a fair-for-all, which I think is what the government's proposals attempt to do.

I am sorry to have to say that my old comrades in the Canadian Labour Congress and some of its unions appear to be proposing, as an alternative to the government's policy, ideas and suggestions which are not particularly relevant or particularly realistic. Some of them, indeed, it seems to me, would only tend to increase inflation. There are others which are more relevant but which, I think, tend to be contradictory of some of the inflation-promoting proposals put forward by the congress.

The next thing I want to speak of is the cry that the real trouble, the real cause of inflation, is the unwarranted, the excessive, the extravagant increase which has taken place in the money supply. I don't think there is any question that the increase in the money supply has been too great. There was strong pressure for this, of course, because nobody was anxious to see unemployment, and everybody agreed that you had to try and ease things so that there would be stimulation of employment when the level of unemployment was already high, disquietingly high, worryingly high. So that I am not particularly blaming anybody. The pressure was there. It was very difficult to resist. No government would have found it easy to resist it. But I think there is no question that the money supply has, as the Canadian Labour Congress says, been increased excessively.

The Canadian Labour Congress, I notice, in its proposal, suggests that the rate of increase in the money supply should be something like 5.5 per cent per year. I don't know how they arrive at that precise figure. I don't particularly care. I don't think it matters very much. But at the same time that they are asking for this, they seem to be claiming that an increase in the bank rate, and rates of interest generally, is altogether unfortunate. Well, I don't know. Perhaps I am altogether out of date in my economics, but I find it very difficult to understand how you can

control the increase in the money supply without raising the bank rate, without raising the rate of interest. This is certainly one of the classic tools for regulating the money supply. I don't know how you can get along without it. It is not the only factor. There is another one which I will come to in a moment.

Senator Lamontagne: It can be done.

Senator Forsey: But I think it is necessary to use that classic tool—doubtless, with care; doubtless, at the proper moment—and, alas, in the past, as Senator Lamontagne reminded us a while ago, we have very often used the right tools at the wrong moment, used them in the reverse order from what we should have, but I think in this case there is no doubt that this particular tool has to be used.

Of course, that is not in the least in conflict with special measures for dealing with, for example, housing, as indeed the government proposes to do in the near future, and I hope it will be in the very near future. I hope there won't be any delay in the matter.

The rate of interest is a very blunt tool, and it can be very inequitable in its operations. It may be necessary in certain fields to say, "Well all right, we will, in effect, subsidize this particular field so that the rate of interest restrictions will not bear heavily upon this type of endeavour."

Incidentally, when it comes to the question of money supply, I cannot help wondering—and here I may be very unorthodox and may be talking through my hat—I can't help wondering whether the extraordinary proliferation of credit cards and the zeal with which the issuers of those cards push people to use them—my wife has had an example of this recently: her banker and the credit card people themselves have been after her, "Why don't you make use of your Chargex? This is terrible. You haven't used it once since you got it," she finally gave in and said, "All right, I will use it for some small purchase;" I have forgotten what it was—but I cannot help feeling that this proliferation of credit cards and this pushing of credit cards may have been a considerable factor, in effect, in increasing the money supply and pushing up prices. I occasionally make use of them myself when I am crossing the country and don't want to carry too much in the way of cash with me, but I can't help feeling that they are an inflationary factor.

I see Senator Lamontagne, who is an excellent economist, shaking his head. As I said, I may be talking through my hat, but I would like to hear an argument to show that this is all wrong, because I have worried about it for a long time.

Then we come to the argument that the real culprit in this whole business of inflation is public expenditure, excessive public expenditure. I want to enter a caveat there at once. Public expenditure, in itself, is not inflationary. It is no more inflationary than my expenditures, or anybody else's expenditures. What is inflationary is deficit spending, the piling up of huge deficits which require the government to go into the money market and find capital or, in effect, to print money. This is inflationary, but if you had a balanced budget—and I am not necessarily advocating that at the moment—if you had a balanced

budget, there would be nothing inflationary in government expenditure *per se*. In itself, it is not inflationary.

Senator McDonald: Oh, come on.

Senator Forsey: I think there is a grave danger that when people talk about cutting government expenditures they will overlook this, and the people who dislike government expenditure in itself, who think it is a bad thing in itself, that it is necessarily wasteful in itself, will get a chance to sharpen their knives and dig into the social services, for example, and engage in a thoroughly reactionary policy.

That article in the *Globe and Mail* the other day by Brigadier Malone was a conspicuous example of this. One after another of the social programs which have been in effect in this country for some years, and have been supported, as far as I know, by all parties, he had his knife sharpened for and he was prepared to cut and to cut deeply, or, if he could, to get the government to cut and cut deeply.

If you are going to start cutting expenditures, you are going to be up against a terrific problem, because a great many of these are statutory and can only be changed by act of Parliament, and a great many are expenditures which everybody has agreed are necessary—social service expenditures, transfers to the provinces, equalization grants, regional incentive grants, and so forth. If those things have to be cut, in the opinion of certain people, let them come forward and say exactly what should be cut, how it should be cut and how much it should be cut. I am afraid that this could be merely a sort of Establishment ramp at the expense of the poor people of this country.

● (1510)

Possibly we could do something with some of the social expenditures by going back to the principle of selectivity, though this has difficulties, administrative and other. But you have got to be extremely careful what you do with these things or else you find yourself pushed into a position which can be justifiably described by that favourite cant word of the people on the left, "reactionary."

If you cut down the social services, the social expenditures, social security, then undoubtedly the burden, a large part of the burden of dealing with inflation will be cast upon the shoulders that can bear it least, the shoulders of the poor. The same is true of a strong application of a restriction of money supply. If you really use the weapon of the rate of interest on a massive scale, sufficient to cut down inflation drastically, then undoubtedly you will produce an enormous amount of unemployment. The main burden of the exercise will fall upon those least able to bear it.

Now, of course, there is a certain amount of waste in public expenditure. Nearly any of us could offer some suggestions. Senator Phillips last night offered one, with which I most cordially agree. He mentioned the Bank of Canada building. What was it called in one of the articles in the *Globe and Mail* the other day—that extravaganza of public expenditure, that monumental waste of money? I believe it is the highest energy cost building in the whole of Ottawa. I suppose when they started to put it up the energy crisis hadn't appeared and it looked fairly sensible but I hope nothing like this will be repeated.

[Senator Forsey.]

I might add that another example of waste, in my judgment, is the expenditures, considerable expenditures, in themselves not perhaps very large in the whole picture, on the monstrosities, these so-called sculptures, these pieces of artistic pollution of the landscape, which I have referred to before, which I shall doubtless refer to again.

This last—the affair that they have over there in Hull, which I should think is an insult to all the traditional values of French Canada—this last thing I believe cost \$85,000.

Senator Flynn: Million.

Senator Forsey: Well, to my mind that was worse than money just down the drain, it was a most scandalous and outrageous performance. You can find other examples of the same sort of thing.

One example of waste, a colossal waste which we have been saved from by Providence—Providence appearing in the unlikely guise of the Government of Ontario—is, of course, the Pickering Airport. Some years ago, I joined with a number of members on the Liberal side of the House of Commons in a letter to the Prime Minister saying we thought this was completely unjustified, completely foolish. I do not think we used the word “imbecile,” but we very well might have. And now, fortunately, that large and wasteful expenditure which I have long been able to see no justification for whatever, we are not going to have. I hope that the lesson has gone home, and that the government generally will be more careful about the kind of thing that they indulge in.

Senator McDonald: What about Mirabel Airport?

Senator Forsey: I was just coming to that. In the case of Mirabel, there may have been rather more excuse because at the time they started that idea it wasn't so clear as I think it is now that air travel is likely to go down rather than up. In fact, it should go down rather than up and it should be used only for long distance travel as otherwise it is wildly uneconomic in the long run, and a major source of pollution of the atmosphere and stratosphere.

What I find very difficult to understand is why in the present circumstances the government had to make such a tremendous splash—perhaps that is “le mot juste”; perhaps that is exactly the word I should use—at the opening of the Mirabel Airport. It appears to have been done with oriental lavishness.

This again may seem to be a small matter but I am astonished by the degree to which the members of the House of Commons, for example—of the other place, sorry, Madam Speaker—members of the other place who presumably ought to know by experience something about public psychology—certainly far more than I could know, as a repeatedly defeated candidate for public office—I am astonished by the degree to which they don't seem to realize public psychology. They don't seem to realize how a small thing can irritate the public and make them doubt the sincerity of those who are asking them to restrain themselves.

It brings to mind the story that Stephen Leacock used to tell about the Ontario election campaign of 1923, where an opposition orator, I presume a Conservative, was attacking the farmer government for its extravagance. He waxed eloquent on how the government wasted \$5 million on

this, \$10 million on this and \$20 million on another thing and the farmer audience sat there almost inert, totally unresponsive. And then he said, “Do you realize, ladies and gentlemen, that the premier paid \$75 for a coal scuttle?” and the whole place took fire. Millions meant nothing to them. But when you got down to the \$75 coal scuttle, that got home to the Ontario farmer.

The same thing is true, I think, about these relatively small things, small examples of what appear to be extravagances, sometimes rather larger examples of what appear to be extravagances. And I am coming now to one which will make me just as popular as a distiller in a temperance meeting, that is the increase in salaries which the members of the two houses voted themselves last spring. Had I been present, I should not only have voted against that, I should have proposed certain amendments similar to those proposed by Mr. Stanley Knowles in the other place.

Unfortunately, I was—I had just undergone an operation—under orders to stay home and not to show my face here; under doctor's orders. I was very greatly disappointed by that because I had wanted to say strongly what my friend Charles Caccia said in the other place, that this was the wrong thing to do at that time, that this was the wrong way to act when we were asking other people to restrain themselves, that it should not have been retroactive and it should not have come into effect until a new Parliament had been elected. I think it was a great psychological mistake, and I think we might—that is water under the bridge now, I suppose—but I think we might now collectively in the two houses redeem ourselves to some extent, if, come January, when we may get, and probably will get under the present law and within the guidelines, a certain increase, we were to pass as it were a self-denying ordinance and say we won't take it. I think this would have—I do not mean individually, I simply say amend the law so we would not get it—I simply say that I think that would have a marked effect upon the public psychology.

Senator Flynn: If that is the only thing needed to support the program of the government, we might do it.

Senator Forsey: I am sorry, I shall have to put on this gadget to hear what Senator Flynn said.

Senator Flynn: If that is the only thing that will help the program of the government to succeed, we might do it.

Senator Forsey: Well, I will not say it is the only thing but I think it is something. As I said, it is not likely to be a popular proposal with members of either house, but I think it is something that should, in fact, be done.

It is, in a sense, a small thing. It is a bagatelle by comparison, for example, with the amount that is involved in increased wages. Sometimes people think that you can compare wages and profits, for example, and say “terrible” if profits go up so much in comparison with wages. There is a gross amount involved, an absolute amount involved which makes a considerable difference. A relatively small increase in wages bulks larger in the total economy—wages and salaries, that is—much larger in the total economy than even a considerable increase in profits. I am not by that saying that an increase in profits is splendid and an increase in wages is bad. I simply say it is a fact we have to consider.

Well, honourable senators, I think I have now said about all that I can usefully say on this subject. I am afraid I have gone on an inordinate length. I have not on the whole, I think, for some time troubled the chamber with long discourses, not since I did my instalment serial, shall we say, on the subject of the report of the Constitution Committee. I do not think that I shall be troubling the house with long discourses in the future. But this was a subject about which I felt strongly. It was a subject about which I had felt I had a certain knowledge and I felt that I should be derelict in my duty, as a member of this house, if I had not placed before my colleagues the opinions which I had formed about the proposals of the government and the legislation which will shortly be coming to us and which, I repeat, I hope we shall have the time and the will to consider carefully, so that we can make suggestions and proposals for improvement in it, if it comes to us from the other place, in what I believe is technically known as a blank and imperfect form.

● (1520)

Senator McDonald: I wonder if I might ask a question of Senator Forsey. He has just given us his opinion with respect to the increase in indemnities for senators and members of the House of Commons. I wonder if he would also give us his opinion with respect to the increases which have been given recently to the senior civil servants.

Senator Forsey: Yes, I would be glad to. I understand that the decision was made on the executive categories back in the summer and that by September about 1,200 of the 1,400 people involved, or something of that sort, had already received the increase, and that the technical details of providing the increase for the other 200 or so—the top lot, at least in so far as salary is concerned—were still in the works, but that the arrangement was only made final either just about the time the guidelines were brought in or just before. I do not know the precise date, but I think that is another case where the government showed a lack of appreciation of popular psychology. I think this was a mistake, a serious mistake.

Again, in the total picture the total amount is rather small, but I cannot help feeling that it has had an unfortunate effect upon the public mind and it would be very heartening if the top people in the public service, who I think are not by any means destitute, were to come forward and say, "We are willing to submit to a self-denying ordinance in this matter."

Senator Greene: I wonder if the honourable senator would permit another question. I would call on his special knowledge of the organized labour movement in this country in prefacing this question. It would seem to me that organized labour has painted itself into a most difficult corner; that they appear to have said, "Plague the national interest. It is not our affair. We are looking after number one." But I do not believe that that is the real view of organized labour, and the question I would ask my honourable friend is whether or not he would deem it advisable to ask the CLC and other major union leaders to come before an appropriate committee of this Senate to explain their views in order that we might better understand why it is that they apparently have denied any

[Senator Forsey.]

responsibility for participation in the total national program.

Senator Forsey: I think it would be excellent to have them appear before a committee. I think they would immediately say, by way of preface to anything more detailed, that their view of what was required in the national interest was somewhat different from other people's views, and I think they would proceed to try to justify that position. I hope, if they do come before such a committee, that they will not be treated as I have known them to be treated at times when I appeared before a Senate committee as one of their representatives. There was a tendency then for various senators to take the line, "These people are a lot of good-for-nothings, not to say thugs. We have been waiting for years to get a chance to go after them. Now watch us!"

We had completely irrelevant questions of a most hostile kind directed to us. I hope, if they do come before a Senate committee, they will not find themselves faced with that kind of thing.

The culminating feature of one of these affairs—it was before the Senate Committee on Immigration, I remember, years ago—was when a certain Conservative senator whose views were such that he would have regarded the first Duke of Wellington as dangerously far to the left, said to Mr. Percy Bengough, the President of the Trade and Labor Congress, "Mr. Bengough, there is a question I have wanted to ask you for years..."—and it had absolutely nothing to do with immigration, I might add—"...and it is this..." and he got off a stinker of a question. As poor Percy opened his mouth to reply, and before he could get out one syllable, out the door went the senator and slammed it behind him. Well, that was an extreme manifestation of hostility to the trade union movement by one senator. But I can assure honourable senators that on that occasion, and some others when I appeared before the Senate committee as a representative of the trade union movement, the kind of atmosphere that prevailed was quite hostile and it was very unfortunate for the Senate.

I would hope that if the trade union representatives are called upon to appear, and if they do appear, they will be asked relevant and serious questions and will be treated with the courtesy which ordinarily distinguishes both the members of this house individually and this house collectively.

I think it is an excellent suggestion on the part of Senator Greene and I heartily hope it will be adopted. This is exactly the kind of thing I think the appropriate Senate committee could usefully do in connection with this legislation.

Hon. Edward M. Lawson: Honourable senators, let me say at the outset that I want to associate myself with the remarks of Senator Forsey as they relate to the White Paper. At the same time, let me disassociate myself from his remarks relative to the non-application of the guidelines to members of this chamber. I think that would be tokenism of the worst kind. The Canadian public would not be fooled by that, and it has been my experience that they generally accept what is fair but reject what is unfair. If it was fair to have a guideline applying to other throughout the whole of society, they would expect its application here as well. But, in my opinion, they would

react adversely if there was some obvious unfairness. These are some of the things I should like to speak to briefly in reviewing the White Paper.

I think it might be helpful to share with you the views of someone who comes from British Columbia, who has been regulated, ordered back to work, guided, legislated, and anything else you could possibly name. It would be well to examine briefly what took place in British Columbia when Bill 146 was passed in the British Columbia legislature. That bill had the effect of legislating virtually all of the major strikes out of existence and forcing the workers back to work.

My organization, with a membership of 106, was one of the key organizations involved. The whole thread of the legislation passed by this special session of the legislature was to legislate 106 people back to work while ignoring the fact that there were 50,000 other workers who had been out for three months. I think I am entitled to comment, because I believe that our constant protest in drawing to the premier's attention that he could not in good conscience legislate 106 people back to work while ignoring 50,000 others finally got through to him, and he took very positive action. I have no hesitation, having been the victim of that positive action, in saying that under the circumstances the premier of British Columbia did exactly the right thing.

It was interesting to hear in the discussion a concern about what would be the reaction of the official labour movement of British Columbia in response to this legislation. There was some concern that there would be the typical reaction—that of urging defiance of the legislation, encouraging the members to defy and not go back. I was asked for my view and I gave it, and I repeat it now, that I felt that that reaction would take place, that that advice would be given but that it would be drowned out by the sounds of the members returning to work, the majority of whom had had enough and wanted to return to work. And that was the ultimate result.

It is not a happy situation or a happy state of affairs that we in labour and management can reach the stage of almost total irresponsibility. We could not find a solution to those long-standing problems. I think it was perhaps because we could not break the psychological barriers. That will be a major consideration when the White Paper ultimately becomes law.

Following the announcement of the proposed guidelines nationally, first, the province of British Columbia imposed a price freeze; then came a rather irresponsible response from the official labour movement; and we now have the other side, the supermarkets, indicating that they will have no alternative but to let the shelves run dry. Their contribution to the problem facing the country will be to let the shelves run dry, because in filling them they might have to take a loss on a particular item or items.

Of course, there are some supermarkets—I have no hesitation in naming them—such as Canada Safeway, which, in my view, are the worst corporate citizens in Canada. They have never had any real concern about the impact of what they do on the economy. So long as they can preserve their share of the market they will agree to anything at any price, because they can always pass it on. The real test of the provincial legislation and of the federal legislation

will be the ability of either government to say to the supermarkets, "You are not going to leave your shelves empty. You are going to continue to service the needs of your customers—that is what your business licence provides—and if you do not perhaps we shall have to re-examine your role in this society." It is not going to be sufficient to say, at the end of the 60 days, as was indicated, "We will wait. We will now recover retroactively all we have lost. There will be no sacrifice on our part. We will simply reach into the consumers' pocket and recover it." If they are allowed to get away with that by either agency of government, then you cannot and should not expect the cooperation of the labour movement.

● (1530)

Hon. Senators: Hear, hear!

Senator Lawson: When I am examining the proposed legislation, I am not interested in relating it to the constitutionality question. There are others more expert than I who will concern themselves about that. The main reason I am not concerned about it is that if we resolve the constitutional question, the question still remains of whether it would solve the problem. I do not think it would, because we still have the problem of runaway inflation and all the other problems that that creates.

The only question I have to ask myself is: Is there a need for this kind of action? Is there a consensus in the country? Well, certainly I am convinced, from all the people I am in contact with, that there is a desperate need for something to be done. Whether this is the best course of action has yet to be determined, but certainly there is a consensus that something desperately needs to be done. In examining these matters, and trying to do it as objectively as I can, I think the important question that arises is: What are the obvious, visible weaknesses? Senator Forsey touched on one, the question of the limit of \$600 for those with lower incomes. On the face of it, if all things stay even for the three-year period, then that gap between the lower rated people and the higher rated people will be widened by an additional \$5,400, and it is totally and patently unfair that that should take place. There is, therefore, a need for an immediate adjustment on the ceiling for lower rated people.

One other major area that in my view needs to be examined very carefully is the question of interest rates. I think the first step that should be taken and could be taken is an immediate roll-back of the three-quarters of 1 per cent increase in the prime rate that was announced not many months ago. It was announced for its deflationary value for the economy. If it had had the desired impact there would have been no need for the proposed guidelines, so there seems to be no valid reason in my view why there could not be an immediate roll-back of that increase of three-quarters of 1 per cent, not only for its own value but for its psychological impact. If that cannot be done, then I would think the government has to give serious consideration to allowing write-offs for the mortgages on the average home up to a certain limit. Let them write it off as a tax-free allowance.

The two most important things that have to be dealt with in order to achieve the voluntary enthusiastic support of the working man are really both psychological. One is the preservation of his job security, and the second

is the protection of his home, so that he can go home and look his wife and children in the eye, knowing that they are protected.

It is totally unfair, on the one hand, to say, "We are raising the interest rates. We are going to put you in a position where the interest you pay on your mortgage amounts almost to usury," and on the other, to say, "We are now going to tie your hands behind your back and not allow you to recover those increased costs of your basic dwelling—your basic security."

These are two critical areas that in my view have to be attacked, and attacked quickly, if we are going to get the support of labour. I am not talking about the official position of the Canadian Labour Congress. This is something that has to be done if the government wants the support of working men and women across the country.

There are a couple of other areas that have to be examined. What is going to happen to people who have signed multi-year contracts is patently unfair, on the face of it. Just before the deadline they were successful in signing contracts that in the second year provide for increases of 15, 20, 25 or 30 per cent. Is there to be a roll-back, or is that to remain? Is everybody else to be limited to 6 per cent in the second year, and are these contracts going to continue? This is the question that has most often been asked of me in the two weeks since these proposed guidelines were announced. What happens in those cases?

Also, what happens in the case of people who want to follow and support the guidelines, and who can go out tomorrow and negotiate a three-year contract providing for 8 per cent the first year, 6 per cent in the second year and 4 per cent in the third year? What happens to those contracts if the government decides after one year that the problem has been solved, and cancels the guidelines, and everybody else goes back to getting 12, 15, 18 or 20 per cent? What happens to those people who are locked into such contracts?

We have an interesting case pending before the British Columbia Labour Relations Board right now. It was the key issue that prompted the legislation in British Columbia, and it involved the propane dispute. Some months ago, long before the guidelines were announced, the employers made an offer, and the employees of four of the companies accepted. Under the law, you must conclude a collective agreement. The employers' association said, "No. We will not sign." There was then an application under the labour code of British Columbia for an order directing that those contracts be executed. I believe the board will issue such an order, and so those contracts will be executed retroactive to a date in August. That may be done next week, and the rates involved will be higher than the guidelines. What will apply in those circumstances? Will they be rolled back? Will they be cut back? These are the kinds of questions that have to be answered, and I think perhaps you may have a constitutional problem if the British Columbia Legislature says, "Yes, it is a contract back to August." Is the federal legislation going to roll it back? These are the kinds of questions and concerns that have to be dealt with.

In addition to the probably more important question, the strike involved was a matter of cutting off fuel to homes in an area of Nanaimo that was dependent on that particu-

lar product—butane and propane. Not only do I not quarrel with the judgment of the government in legislating those striking workers back to work, but I think the government has a more serious question it has to ask of itself, and that is: What do you do with essential services? Does either labour or management have the right—and was a lockout at the outset—to deny fuel to homes? Is that an essential service? And if it is not, what is?

In those clearly defined essential services where a strike would cause injury to individuals, perhaps the right to strike has to be examined, in an effort to decide whether that right should be continued. I think we, labour or management, now have to decide whether we can continue to exercise our rights at the expense of injury to innocent people.

There has been some concern about the views expressed by the official body of labour, the Canadian Labour Congress, that Senator Forsey made reference to. It is interesting to note that when the Trades Union Congress in Britain was successful in achieving some amendments to their program they issued a statement, and I can think of nothing better than that it be delivered to the Canadian Labour Congress, and that they be asked to take these words and simply adopt them as a statement of policy, indicating their preparedness to assume their share of the sacrifice. Let me read this to you:

Britain is staring over the brink of a precipice. Inflation is running at 26 per cent and unemployment is at the highest level since the last war.

The TUC's anti-inflation policies, agreed with the Government and overwhelmingly endorsed at the Blackpool Congress, are designed to deal with very real dangers.

We have been hit by international problems—soaring import costs, a world recession hitting export markets—and our industry suffers from decades of low investment.

It's no good just complaining about the rest of the world. The TUC and its member unions recognize that all of us, right here in Britain, have a vital part to play in solving the crisis. No one can afford to contract out of the battle against inflation. It's everyone's future at stake.

The crisis cannot be solved, and our future assured without real sacrifices. Some people's living standards are bound to fall in the coming year.

That is necessary because the Government cannot just spend its way out of this recession, at a time when our inflation rate is so much higher than our competitors'.

It is estimated that by the end of the year our prices will be rising twice as fast as those of our main competitors.

Our goods are in danger of being priced out of export markets—and with them the jobs of workers in the export industries.

Too-rapid reflation would only force up prices faster, before inflation has been got under control.

That would also threaten the credit on which our economy survives. Already, before the Governme-

and the TUC acted, there were threats from those who lent Britain money to pull out. That would hit thousands more jobs.

The alternative to the '£6' policy, then, is not less unemployment, it is longer dole queues—much longer. The '£6' policy makes it easier, not harder, to defend living standards in the long run.

So the TUC 'bit the bullet' and put its '£6' proposals to the Government. The new wage targets are tough, but they're rough justice. And they're simple enough to be understood by all.

They favour the lower-paid, while some of those with very high incomes will get no increase at all.

For its part, the Government must do its best to continue the social and industrial progress made during the first year of the Social Contract, and to hold down prices.

The TUC and the Government have never seen the close working relationship known as the Social Contract as merely a way of avoiding the worst. The aims are positive—a more prosperous, successful and compassionate society.

The £6 limit on its own will not solve Britain's problems. It can only create the conditions for tackling them. The year's hard slog must be more than a short-term crisis measure. It must be the start of a plan for economic revival.

• (1540)

That's why the TUC is now pressing the Government to work on a national plan, agreed with unions and employers, for the years up to 1980. An ivory tower approach would be useless. Planning must be brought to company level, and there must be union involvement.

There is plenty more to be done to crack the immediate crisis too. There must be government action to curb unemployment among the hardest-hit groups of workers, involving increased training, employment subsidies, and some selective import controls.

The trade union movement will be watching employment, prices, indeed all the important economic indicators, with an eagle eye, to see that its members' sacrifices are gaining their just reward.

A particular concern at the moment is that there should not be savage public expenditure cuts, which would harm everyone, especially the most vulnerable members of society, and would fuel the fires of unemployment at the worst possible time.

And what about our side of the bargain? I believe that there is a new mood in the country. The offensive against inflation has not been dictated from above.

It stems from the fears of ordinary trade unionists for their living standards, their jobs, their country.

That's why, in the midst of the present grim atmosphere, I remain optimistic for Britain's future.

But of course, hopes are not the same thing as achievements. Success depends on the free decisions of millions of people—including the readers of this paper.

Fortunately, the signs are that the mass of trade unionists are very well aware of the reasons why we all have to face a year of tough justice on wages.

They are saying 'fair enough' if it means we can battle our way out of our present problem.

That seems to me to be a very positive and intelligent statement from the official Trades Union Congress of Britain, and one which our neighbours across the way might be well advised to accept as a policy and as their share of the sacrifice to solve the problem here in Canada. There is a statement by Prime Minister Wilson that is worth repeating, "One man's pay rise is not only another man's price rise; it might also cost him his own job—or his neighbour's job."

The other comment I should like to make has reference to the American controls. I cannot tell you how many times I have read that they were a total and abject failure, and did not serve the purpose they were supposed to achieve. Well, I have had the opportunity on a regular basis to be involved with those controls and to observe their imposition, because of our international union involvement. I know that they were imposed at 5½ per cent, and they were enforced at 5½ per cent, and when the controls came off the standard statement was made that with the end of controls we would go to 15, 20, 25 or 30 per cent to recover everything immediately. But I sat in on many meetings where it was said, "Now, we will run the risk of going to perhaps 2 or 2½ per cent higher than the 5½ per cent control figure, but we are not going to take any chances on the controls coming back." So, in the first year after the controls came off they were around 7½ or 8 per cent. It is my case that the controls had a beneficial effect, because now in 1975—and the report is just out—the average wage increase generally in the United States is running at 7.9 per cent. The average wage increase in construction, which has always led the pack, was 7.4 per cent while in this country we "spill" that much in construction negotiations, and many settlements are made at around 40 or 50 per cent.

I am not arguing in favour of controls; I am simply trying to make an objective appraisal of what has happened, and stripping it of all its myths. I think the only conclusion one can reach is that the controls in the United States were effective when they were practised and in operation, and they continue to have that beneficial effect up until this day. The reason for part of my concern, and the Honourable Leader of the Government was present when I expressed it in Vancouver some months ago, is that we now have companies in British Columbia in particular, and in Canada generally, whose rates of pay are higher than their American competition, and our productivity is less. You do not need to be an economic genius to figure out that if you continue that practice you simply put those companies out of business, and put your own members in the unemployed ranks. To me that is the height of stupidity and is not serving the welfare of the members of trade unions.

There is some considerable talk about the loopholes that exist in the program. I do not doubt that Mr. Pepin is quite correct when he says that there are many loopholes in the program. I think it is going to be imperative that the government take into consideration that they have com-

petent people from labour as well as the other groups represented on those various panels, whether it is the national panel or the regional panel, so that you have people expert in finding loopholes. Indicating a willingness to work with and under the controls is not any indication that in any of the organizations I am associated with we do not have the skill or the imagination to find the loopholes as well, but I do not think that that negative case should be made. I think there should be a positive case made that we are not going to be looking and searching for loopholes, but that we are going to be looking for the courage and concern to assume our share of the sacrifice and relieve those who have already carried too big a load.

Hon. Senators: Hear, hear!

Senator Walker: May I ask the honourable senator a question? Is he in favour of strict adherence to the guidelines?

Senator Lawson: I am in favour of observing the law. If they become the law, then I am in favour of adhering to them.

Senator Walker: I am glad to hear that, and, of course, I am always glad to hear my friend express answers from other people in advance. This time he hit the nail on the head. That is the first time I have ever heard of his being right.

May I ask another question? The Post Office dispute is a serious one. Does the honourable senator believe that the guidelines should be followed in settling the Post Office strike?

Senator Lawson: I don't want it to sound as though I am taking up everything, but I think it would be unwise and untimely to attempt to answer that question when the matter is apparently at a very critical balance of negotiation now. I can only say that when the guidelines become law they should apply with equal force to everybody covered by them.

Senator Forsey: I wonder if I might ask Senator Lawson one question? He spoke of the desirability of having unions declare that they would abide by the guidelines; to come forward and take their share of the sacrifice. Would he express the same hope about the corporations involved in this also, and which so far have been singularly lacking as far as I can see, in making any statement of the sort?

Senator Lawson: Without any hesitation, Senator Forsey. I think it has to be applied equally and with equal force on the corporations and everybody else. If it is not, then the program is self-defeating.

Senator Burchill: Honourable senators, may I ask Senator Lawson a question? Does he favour long-term controls, or short-term controls such as they had in the United States of 60 days or 90 days?

Senator Lawson: I do not believe that they were considered short-term controls in the United States. They had the various phases, but they really lasted for two or three years. I do not believe that anything could be achieved—and I do not want to make this a political statement—by 90-day controls. I think they have to be for a longer term than that. If they are to be effective it must be for the lifetime of a collective agreement and the average would be one year—not less than one year—or two years.

Senator Goldenberg: As a trade union leader, Senator Lawson, which do you prefer—the maximum percentage increase which is provided for in the proposed controls, or the flat £6 maximum increase to which you referred and which applied under the United Kingdom policy?

● (1550)

Senator Flynn: Incentives.

Senator Lawson: If the object is a kind of redistribution of the wealth to give the lower-income people a fair share then the £6 provision, or the fixed dollar increase, is the fairest way to do it.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 1317.)

RULES OF THE SENATE

REPORT OF THE COMMITTEE ON STANDING RULES AND ORDERS

Wednesday, 29th October, 1975.

The Standing Committee on Standing Rules and Orders, having examined the Rules of the Senate pursuant to Rule 67(1)(e), recommends that the said Rules be amended as follows:

RECOMMENDED AMENDMENTS

1. In all cases not provided for in these rules, the customs, usages, forms and proceedings of either house of the Parliament of Canada shall, so far as practicable, be followed in the Senate or in any committee thereof.

3. Notwithstanding anything in these rules, any rule or part thereof may be suspended without notice by leave of the Senate, the rule or part thereof proposed to be suspended, and the reason for the proposed suspension, being distinctly stated.

3. These rules shall come into force on a day to be fixed by order of the Senate.

14. When the Senate adjourns, senators shall stand until the Speaker has left the chamber.

4A. (1) If, during any adjournment of the Senate, the Speaker is satisfied that the public interest requires that the Senate meet at a time earlier than that set forth in the motion for such adjournment, the Speaker may call such a meeting by sending a notice to each senator at the latest address of the senator filed with the Clerk of the Senate, informing the senator of the time of the meeting.

(2) Non-receipt by a senator of the notice referred to in subsection (1) does not affect the validity of the notice.

(3) In the absence of the Speaker, or where the office of Speaker is vacant, the Clerk of the Senate may act for the purposes of this rule.

5. The Speaker shall preserve order and decorum, and shall decide points of order, subject to an appeal to the Senate. In explaining a point of order or practice the Speaker shall state the rule or authority applicable to the case. When the Speaker rises, all other Senators shall remain seated or shall resume their seats.

6. A Senator shall not speak more than once to a question before the Senate except in explanation of a material part of his speech in which he may have been misunderstood, and then he shall not introduce new matter.

7. A Senator who has moved the second reading of a bill made a substantive motion or an inquiry, shall have the right of final reply.

PRESENT RULES

1. In all cases not provided for hereinafter, or by sessional or other orders, the standing orders, the rules, usages, forms and proceedings of the Parliament of Canada, in force up to the day on which the present rules go into operation, shall be followed so far as they can be applied to the proceedings of the Senate or any committee thereof.

3. Any rule or part thereof may be suspended without notice by leave of the Senate, the rule or part thereof proposed to be suspended, and the reason for the proposed suspension, being distinctly stated.

6. These rules shall go into operation on a day to be fixed by order of the Senate.

14. When the Senate adjourns, senators shall keep their places until the Speaker has left the chamber.

NEW RULE

15. The Speaker shall preserve order and decorum, and shall decide points of order, subject to an appeal to the Senate. In explaining a point of order or practice he shall state the rule or authority applicable to the case.

28. A senator shall not speak twice to a question before the Senate except in explanation of a material part of his speech in which he may have been misunderstood, and then he shall not introduce new matter.

29. A senator who has moved the second reading of a bill or made a substantive motion shall have a right of final reply, but not otherwise.

32. A debate shall not be in order on an oral question, but brief explanatory remarks may be made by the senator making the interrogation and by the senator answering the same. Observations upon any such answer shall not be allowed.

34A. The content of a speech made in the House of Commons in the current session may be summarized, but it is out of order to quote from such a speech unless it be a speech of a Minister of the Crown in relation to government policy. A Senator may always quote from a speech made in a previous session.

36. (1) When a question is under debate, a motion shall not be received unless it is a motion to amend the question, to refer the question to a committee, to adjourn the debate, to postpone the debate to a certain day, for the previous question, or for the adjournment of the Senate.

(3) The previous question refers to a motion "that the original question be now put." Such a motion may be made on a main motion, or on a main motion as amended, but not on a motion for an amendment. When such a motion is put by the Speaker no motion to amend it is in order. It is debatable and senators who have spoken on the main motion or on the main motion as amended may speak again to the previous question but may not move or second it. If the motion for the previous question carries, the Speaker must immediately put the original question without further debate. If the motion for the previous question is defeated, the main motion is dropped from the orders of the day. The previous question may not be moved in committee of the whole or in any select committee.

37. A senator called to order by the Speaker shall discontinue his remarks and may not speak further, except on the point of order, until the point of order has been decided.

42. The Speaker shall stand head uncovered when speaking to the Senate, and shall leave the chair when participating in a debate on any question before the House but not when addressing the House on a point of order or a question of privilege.

45. (1)

(f) for the adoption of a report from any standing committee;

46. (f) for the adjournment of the Senate, while a matter is under discussion;

(g) for the adjournment of the Senate for the purposes of raising a matter of urgent public importance (which the mover shall state on rising to speak) before the House proceeds to the orders of the day;

French version only—

(g) l'ajournement du Sénat afin de permettre que soit étudiée, avant que la Chambre passe à l'ordre du jour, une affaire urgente d'intérêt public (dont l'auteur de la motion doit exposer la nature dès qu'il se lève pour prendre la parole);

French version only—

(s) d'autres motions purement courantes ou non contentieuses.

32. A debate shall not be in order on a mere interrogation, but brief explanatory remarks may be made by the senator making the interrogation and by the senator answering the same. Observations upon any such answer shall not be allowed.

NEW RULE

36. (1) When a question is under debate a motion shall not be received unless to amend it, to refer it to a committee, to postpone it to a certain day, for the previous question, or for the adjournment of the Senate.

(3) The previous question refers to a motion "that the original question be now put." Such a motion may be made on a main motion, or on a main motion as amended, but not on a motion for an amendment. When such a motion is put by the Speaker no motion to amend it is in order. It is debatable and senators who have spoken on the main motion or on the main motion as amended may speak again to the previous question but may not move or second it. If the motion for the previous question carries, the Speaker must immediately put the original question without further debate. If it is defeated, the main motion is dropped from the orders of the day. The previous question may not be moved in committee of the whole or in any select committee.

37. A senator called to order shall sit down and shall not proceed until the point of order has been decided.

42. The Speaker shall stand uncovered when speaking to the Senate, and shall leave the chair when he proposes to address the House on any question other than a point of order or question of privilege.

45. (1)

(f) for the adoption of a report, not merely formal in its character, from any standing committee;

46. (f) for the adjournment of the senate, while a question is under discussion;

(g) for the adjournment of the Senate for the purposes of raising a question of urgent public importance (which the mover shall state on rising to speak) before the House proceeds to the orders of the day;

French version only—

(g) l'ajournement de la séance afin de permettre que soit étudiée, avant que la Chambre passe à l'ordre du jour, une question urgente d'intérêt public (dont l'auteur de la motion doit exposer la nature dès qu'il se lève pour prendre la parole);

French version only—

(s) d'autres questions purement courantes ou non contentieuses.

54. (1) In any bill originating in the Senate amending any statute or part thereof, the amendments shall be made by clauses that re-enact the section, subsection or other minor division as it is amended and shall not ordinarily be made by clauses that add or leave out words or substitute words for others.

(2) The text of any such bill shall indicate a comparative print of that part of the bill making the amendment and of the statute or part thereof proposed to be amended, showing by italics, parallel columns or other appropriate typographical devices the omissions and insertions that would be made by the bill if enacted as proposed.

(3) An explanatory note outlining briefly the reasons for each amendment shall accompany the bill. Whenever practicable an explanatory note shall be printed on the right-hand page of the bill in paragraphs opposite the amendments referred to and numbered correspondingly.

(4) This rule shall as far as practicable apply to the reprinting of any such bill.

56. The principle of a bill is usually debated at its second reading.

66. (1) At the commencement of each session a committee of selection consisting of nine senators named by the Senate shall be appointed whose duty it shall be to nominate the senators to serve on the several select committees.

67. (1)

(f) The Committee on Internal Economy, Budgets and Administration, composed of twenty members, five of whom shall constitute a quorum, which is empowered on its own initiative to consider any matter relating to the internal economy of the Senate, including budgetary matters and administration generally, and to report the result of such consideration to the Senate.

English version only—

67. (k)

(i) banking, insurance, trust and loan companies, credit societies, caisses populaires and small loans companies;

67. (1)

(g) The Senate Committee on Foreign Affairs composed of twenty members, five of whom shall constitute a quorum, to which, if there is a motion to that effect, shall be referred bills, messages, petitions, inquiries, papers and other matters relating to foreign and commonwealth relations generally, including:

- (i) treaties and international agreements;
- (ii) external trade;
- (iii) foreign aid;
- (iv) defence;
- (v) immigration;
- (vi) territorial and offshore matters.

54. (1) All bills introduced in the Senate shall be in the English and French languages.

(2) In a bill amending any statute or part thereof, the amendments shall be made by clauses which re-enact the section, subsection or other minor division as it is amended and shall not ordinarily be made by clauses which add or leave out words or substitute words for others.

(3) The text of the bill shall indicate a comparative print of that part of the bill making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns or other appropriate typographical devices the omissions and insertions which would be made by the bill if enacted as proposed.

(4) A memorandum by the draftsman explaining briefly the reasons for each amendment shall accompany the bill. Whenever practicable the memorandum shall be printed on the right-hand page of the bill in paragraphs opposite the amendments referred to and numbered correspondingly.

(5) This rule shall as far as practicable apply to the reprinting of bills.

56. The principle of a bill is debated at its second reading.

66. (1) At the commencement of each session a committee of selection consisting of nine senators named by the Senate shall be appointed whose duty it shall be to nominate the senators to serve on the several standing committees.

67. (1)

(f) The Committee on Internal Economy, Budgets and Administration, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to internal economy, budgetary matters and administration generally.

67. (k)

(i) banking, insurance, trust and loan companies, credit societies, caisses populaires and small loans;

67. (1)

(g) The Senate Committee on Foreign Affairs, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to foreign and commonwealth relations generally, including:

- (i) treaties and international agreements;
- (ii) external trade;
- (iii) foreign aid;
- (iv) defence;
- (v) immigration;
- (vi) territorial and offshore matters.

67. (1)

(h) The Senate Committee on National Finance, composed of twenty members, five of whom shall constitute a quorum, to which, if there is a motion to that effect, shall be referred bills, messages, petitions, inquiries, papers and other matters relating to federal estimates generally, including:

- (i) national accounts and the report of the Auditor General;
- (ii) government finance.

67. (1)

(i) The Senate Committee on Transport and Communications composed of twenty members, five of whom shall constitute a quorum, to which, if there is a motion to that effect, shall be referred bills, messages, petitions, inquiries, papers and other matters relating to transport and communications generally, including:

- (i) transport and communications by land, air, water, and space, whether by radio, telephone, telegraph, wire, cable, microwave, wireless, television, satellite, broadcasting, postal communications or any other form, method or means of communications or transport;
- (ii) tourist traffic;
- (iii) common carriers;
- (iv) pipelines, transmission lines and energy transmission;
- (v) navigation, shipping and navigable waters.

67. (1)

(j) The Senate Committee on Legal and Constitutional Affairs, composed of twenty members, five of whom shall constitute a quorum, to which, if there is a motion to that effect, shall be referred bills, messages, petitions, inquiries, papers and other matters relating to legal and constitutional matters generally, including:

- (i) federal-provincial relations;
- (ii) administration of justice, law reform and all matters related thereto;
- (iii) the judiciary;
- (iv) all essentially juridical matters;
- (v) private bills not otherwise specifically assigned to another committee, including those related to marriage and divorce.

67. (1)

(k) The Senate Committee on Banking, Trade and Commerce, composed of twenty members, five of whom shall constitute a quorum, to which, if there is a motion to that effect, shall be referred bills, messages, petitions, inquiries, papers and other matters relating to banking, trade and commerce generally, including:

- (i) banking, insurance, trust and loan companies, credit societies, caisses populaires and small loans companies;
- (ii) customs and excise;
- (iii) taxation legislation;
- (iv) patents and royalties;
- (v) corporate and consumer affairs;
- (vi) bankruptcy;
- (vii) natural resources and mines.

67. (1)

(h) The Senate Committee on National Finance, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to federal estimates generally, including:

- (i) national accounts and the report of the Auditor General;
- (ii) government finance.

67. (1)

(i) The Senate Committee on Transport and Communications, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to transport and communications generally, including:

- (i) transport and communications by land, air, water, and space, whether by radio, telephone, telegraph, wire, cable, microwave, wireless, television, satellite, broadcasting, postal communications or any other form, method or means of communications or transport;
- (ii) tourist traffic;
- (iii) common carriers;
- (iv) pipelines, transmission lines and energy transmission;
- (v) navigation, shipping and navigable waters.

67. (1)

(j) The Senate Committee on Legal and Constitutional Affairs, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to legal and constitutional matters generally, including:

- (i) federal-provincial relations;
- (ii) administration of justice, law reform and all matters related thereto;
- (iii) the judiciary;
- (iv) all essentially juridical matters;
- (v) private bills not otherwise specifically assigned to another committee, including those related to marriage and divorce.

67. (1)

(k) The Senate Committee on Banking, Trade and Commerce, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to banking, trade and commerce generally, including:

- (i) banking, insurance, trust and loan companies, credit societies, caisses populaires and small loans;
- (ii) customs and excise;
- (iii) taxation legislation;
- (iv) patents and royalties;
- (v) corporate and consumer affairs;
- (vi) bankruptcy;
- (vii) natural resources and mines.

67. (1)

(1) The Senate Committee on Health, Welfare and Science, composed of twenty members, five of whom shall constitute a quorum, to which, if there is a motion to that effect, shall be referred bills, messages, petitions, inquiries, papers and other matters relating to health, welfare and science generally, including:

- (i) veterans affairs;
- (ii) Indian and Eskimo affairs;
- (iii) health and welfare;
- (iv) social and cultural matters;
- (v) pensions;
- (vi) labour legislation;
- (vii) aging.

67. (1)

(m) The Senate Committee on Agriculture, composed of twenty members, five of whom shall constitute a quorum, to which, if there is a motion to that effect, shall be referred bills, messages, petitions, inquiries, papers and other matters relating to agriculture.

68. The senators occupying the recognized positions of Leader of the Government and Leader of the Opposition in the Senate shall be ex officio members, in addition to the number of appointed senators, of all standing committees of the Senate and of the Committee of Selection.

69. The Clerk of the Senate shall, as soon as practicable after a committee has been appointed, call an organization meeting of the committee, and the committee shall at that meeting choose a chairman.

70A. A quorum is required whenever a vote, resolution or other decision is taken by a select committee, but any such committee, by resolution thereof, may authorize the chairman to hold meetings to receive and authorize the printing of evidence when a quorum is not present.

74. (2) Deleted.

77. (6) Except as provided in these rules, a select committee shall not, without the approval of the Senate, adopt any special procedure or practice that is inconsistent with the practices and usages of the Senate itself.

78. (5) When the report recommends amendments to a bill, or makes proposals that require implementation by the Senate, consideration of the report shall not be moved unless notice has been given pursuant to rule 44(1)(e) or 45(1)(f), as the case may be.

67. (1)

(1) The Senate Committee on Health, Welfare and Science, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to health, welfare and science generally, including:

- (i) veterans affairs;
- (ii) Indian and Eskimo affairs;
- (iii) health and welfare;
- (iv) social and cultural matters;
- (v) pensions;
- (vi) labour legislation;
- (vii) aging.

67. (1)

(m) The Senate Committee on Agriculture, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to agriculture.

68. The senators occupying the recognized positions of Leader of the Government and Leader of the Opposition in the Senate shall be ex officio members, in addition to the number of appointed senators, of all standing committees of the Senate.

69. A select committee shall meet, if practicable, on the next sitting day after appointment and shall choose a chairman.

NEW RULE

74. (2) The mover of a motion which established a special committee shall have the right to nominate the senators to serve on such committee: Provided that at the request of three senators nominations shall be as follows. Each senator shall vote openly for one senator to serve as a member of such committee, and those senators for whom the largest number of votes are given shall constitute the committee.

NEW RULE

78. (5) When the report recommends amendments to a bill, or makes proposals which require legislative implementation by the Senate, a motion to adopt the report shall be in order: Provided that where the recommended amendments or proposals which require legislative implementation are substantial, consideration of the report shall be postponed to a future day.

90. Any person seeking to obtain a private bill shall deposit with the Clerk of the Senate, if it is intended that the Bill shall originate in the Senate, a copy of such Bill in the English or French language, with a sum sufficient to pay for its translation and printing. The applicants shall also pay the Clerk of the Senate before introduction of the Bill in the Senate a sum of \$200.00 together with the cost of printing the Act in the Statutes.

100. A substantial amendment may not be proposed to any private bill in a committee of the whole or on the motion for third reading of the bill unless notice of the same shall have been given on a previous day.

113. If for two consecutive sessions of Parliament a senator has failed to give his attendance in the Senate, the Clerk shall report the same to the Senate, and the matter of such vacancy shall be heard and determined by the Senate with all convenient speed.

French version only—

113. Lorsque durant deux sessions consécutives un sénateur n'a pas fait acte de présence au Sénat, le greffier est tenu à en faire rapport au Sénat et le Sénat doit, avec toute la diligence possible examiner et régler cette affaire de vacance de siège.

114. Within the first twenty sitting days of the first session of each Parliament, every senator shall make and file with the Clerk a renewed Declaration of Property Qualification, in the form prescribed in the Fifth Schedule annexed to the British North America Act, 1867, and immediately after the expiration of such period the Clerk shall lay upon the table of the Senate a list of the senators who have complied with this rule.

90. Any person seeking to obtain a private bill shall deposit with the Clerk of the Senate, if it is intended that the bill shall originate in the Senate, a copy of such bill in the English or French language, with a sum sufficient to pay for the translation of the same by the officers of the Senate and for the printing of 800 copies in English and 300 in French. The applicants shall also pay the Clerk of the Senate, immediately after the second reading and before the consideration of the bill by the committee to which it is referred, a sum of \$200.00 with the cost of printing the Act in the Statutes, and lodge the receipt for the same with the clerk of such committee.

100. An important amendment may not be proposed to any private bill in a committee of the whole or on the motion for third reading of the bill unless notice of the same shall have been given on a previous day.

113. If for two consecutive sessions of Parliament a senator has failed to give his attendance in the Senate, the Clerk shall report the same to the Senate, and the question of such vacancy shall be heard and determined by the Senate with all convenient speed.

French version only—

113. Lorsque durant deux sessions consécutives un sénateur n'a pas fait acte de présence au Sénat, le greffier est tenu à en faire rapport au Sénat et, la question de vacance de siège étant ainsi posée, le Sénat doit, avec toute la diligence possible, l'examiner et la régler.

114. Within the first twenty days of the first session of each Parliament, every senator shall make and file with the Clerk a renewed Declaration of Property Qualification, in the form prescribed in the Fifth Schedule annexed to the British North America Act, 1867, and immediately after the expiration of such period the Clerk shall lay upon the table of the Senate a list of the senators who have complied with this rule.

Respectfully submitted,

HARTLAND de M. MOLSON,

Chairman.

THE SENATE

Thursday, October 30, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Communiqué issued following the Federal-Provincial Conference of Attorneys General held at Halifax, October 23-24, 1975.

Copies of contracts between the Government of Canada and the Municipalities of Neguac, New Brunswick, and Steinbach, Manitoba, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970.

INTERNAL ECONOMY

SUPPLEMENTARY BUDGET OF NATIONAL FINANCE COMMITTEE TABLED

Senator Langlois, on behalf of Senator Laird, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the supplementary budget presented to it by the Chairman of the Standing Senate Committee on National Finance for the proposed expenditures of the said Committee on National Finance with regard to its examination and consideration of such legislation and other matters as may be referred to it, authorized by the Senate on December 5, 1974.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, November 4, at 8 o'clock in the evening.

Honourable senators, before the question is put I should like to give the customary brief summary of the work we can expect in the Senate and its committees for the next week.

First, the schedule of committee meetings: The Special Joint Committee on the National Capital Region will meet Monday at 3.30 p.m. A meeting of the Special Joint Committee on Employer-Employee Relations in the Public Service has been set down for 11 a.m. on Tuesday. On the same day, at 2.30 p.m., there will be a meeting of the Standing Senate Committee on Legal and Constitutional Affairs to consider the Green Paper on Conflict of Interest. It is expected that the Special Senate Committee on Science Policy and the Special Joint Committee on Regulations and other Statutory Instruments will also meet on Tuesday, but the times have not yet been fixed.

On Wednesday, the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. It will deal first with Bill S-29, and then commence its study of Bill C-2, the Combines Investigation Act. The committee will meet again when the Senate rises on Wednesday and will continue its study of Bill C-2. Also on Wednesday, the Special Committee on Science Policy will meet at 10.30 a.m.

On Thursday, the Banking, Trade and Commerce Committee will meet at 9.30 a.m. to proceed with its study of the Bankruptcy Act. A meeting is scheduled of the Special Joint Committee on Employer-Employee Relations in the Public Service, but no time has yet been set.

In the Senate we will continue with the debate on the White Paper and other items on the Order Paper, and I have been advised that one and perhaps two bills will be coming to us from the House of Commons late in the week.

Motion agreed to.

● (1410)

LIEUTENANT GOVERNORS SUPERANNUATION BILL

SECOND READING

Hon. Maurice Bourget moved the second reading of Bill C-23, to provide for the payment of superannuation benefits to Lieutenant Governors.

[Translation]

He said: Bill C-23 that is now before us aims at giving a pension to Canadians who serve their country as lieutenant governors in the various provinces in acknowledgement of their services in that office. The bill is relatively simple, and I do not doubt that honourable senators will support the proposed measures it contains.

This bill is the last of a series of legislative measures providing for payment of a pension to persons appointed to very high representative positions in the civil service in Canada. Ambassadors and high commissioners of Canada abroad have already been entitled to superannuation benefits under the Diplomatic Service (Special) Superannuation Act for over 25 years.

In 1967, Parliament adopted the Governor General's Retiring Annuity Act. In addition, since 1868, federal judges have been covered by provisions allowing for a pension in the Judges Act and senators themselves have been subject to a pension act since 1965.

Therefore, although measures have been taken over the years to ensure that those appointed to those offices by the Queen or by the Governor in Council receive a pension, nothing has been done in this respect for lieutenant governors, in spite of a number of similarities in their terms of appointment. This bill will correct that deficiency in the present pension legislation.

After having studied the other pension plans, it became obvious that a plan resembling the one established under the Diplomatic Service (Special) Superannuation Act would be more appropriate for the lieutenant governors.

Consequently, this legislative measure will give a lieutenant governor a pension upon his reaching 65 years of age, or earlier if he becomes disabled, who has contributed to the plan during five years of service, the normal duration of his appointment.

A deferred pension will be paid at 65 to whoever is eligible and retires before having reached that age. The pension then will be equal to 30 per cent of the average remuneration over the last five years of service. Persons who are not eligible will be reimbursed their contributions, plus the interest that applies. The pension paid the surviving spouse will equal 50 per cent of the pension the lieutenant governor received until his death, or that he would have received upon retiring at 65.

Contributions will amount to 6½ per cent of the salary, of which ½ per cent will apply to the indexation; this corresponds to our own contributions. Lieutenant governors in office at the time this bill is given royal assent can choose to contribute for prior service to a maximum of five years, and be entitled to the pension. On the other hand, the lieutenant governor who chooses not to participate in the pension plan can do so within six months of this act coming into effect, in which case his contributions will be reimbursed.

These are, honourable senators, the most important points of this legislation. I shall, however, venture to advise you that when this bill was studied in the other place, several members made representations—not only members on the government side but also on the Opposition side—in favour of the two lieutenant governors who took on these positions in very particular circumstances, and who also had to make very big personal sacrifices. The suggestion made by these members having been rejected, the bill comes to us in its present form. I think there is nothing we can do now, except perhaps urge the government or the minister responsible to review the recommendations made by members in favour of the two lieutenant governors concerned.

Thus I am pleased, honourable senators, to recommend this bill to your kind attention. I do not doubt at all that it will receive your unanimous support, as was the case in the House of Commons.

Hon. Jacques Flynn: Honourable senators, I entirely support this bill, but before going further I should admit that I have a personal interest because I know two lieutenant governors whom I find quite likeable. I would not like it if it were said that I supported this bill on account of this friendship. In these days when conflicts of interest take all shapes and forms, though I do not hesitate to take part in the debate, nevertheless, in the present case as in others I have some personal convictions perhaps as a result of a friendship, of experience or my special knowledge of certain cases!

[English]

Since Senator Bourget spoke in French I might as well continue in English. I have said that I support this bill. It is something our statutes lack, since we have provided for

[Senator Bourget]

annuities to diplomats and especially to the Governor General in recent years.

The position of lieutenant governor is one the importance of which everyone should realize. But because that has not always been the case, it has, at times, been difficult to find people to accept the position. Often people have accepted this onerous honour out of a sheer sense of duty to the public.

I think this bill fills a gap in the system of pensions provided by the federal government to civil servants, the armed forces and everyone in receipt of a salary or honorarium.

● (1420)

I do not like to call the amount paid to the lieutenant governor a salary. We have allowed it for too long to remain very low and very inadequate. Honourable senators will remember that some years ago it was only \$10,000, then it was increased to \$20,000 and only recently was it brought up to \$35,000.

Senator Bourget: For some of them it will be \$18,000.

Senator Flynn: Some of them, yes. Therefore, at present it is obvious, and I do not feel I have to dwell on the fact, that the payments made to lieutenant governors are certainly inadequate. This bill proposes to remedy that situation, but I am not sure that the provisions contained in this bill are really adequate because the bill fails to take into consideration the special status, circumstances of appointment, and terms of office of the lieutenant governors.

The best solution would have been to provide lieutenant governors with a pension similar to that provided the Governor General. The comparison between lieutenant governors and the Governor General is, to my mind, more appropriate and proper than that between lieutenant governors and civil servants in the diplomatic corps, as was mentioned by Senator Bourget. I do not think they belong to the same category.

If the government had chosen to provide the lieutenant governors with a pension similar to that provided to the Governor General, they would have provided a one-third annuity without contribution—this bill imposes contributions—and that to be in no way influenced by any other pension he or she may receive from the Consolidated Revenue Fund. I would have preferred to see a bill incorporating such a provision. That, to my mind, would have more adequately expressed the importance and prestige we attach, or should attach, to the position of lieutenant governor and the respect we have, or we should have, for those who occupy the post. However, this is not what the present bill provides, and I very much regret this deficiency.

As was mentioned by Senator Bourget, it would be impossible for the Senate to amend this bill in order to provide a better pension or better conditions for lieutenant governors. Such amendments would be amendments to a money bill and, therefore, beyond our competence. I feel it would be a good thing to have this bill referred to a committee in order to obtain explanations on certain matters and perhaps have the committee recommend to the government that it amend this legislation in the proximate future. Of course, it is most important that we not delay

the coming into force of this bill because problems might result and those we seek to help may end up with nothing at all.

Now, I want to put a question to Senator Bourget. This bill will come into force on the day of its assent. It was tabled in the House of Commons on October 11, 1974. I do not know if any lieutenant governor has been replaced since then, but if one has he would be denied the benefit of this bill. Likewise, if one were to die suddenly today, he or she would also be denied the benefit of this bill. I was wondering if something could be done to provide for such cases. I doubt it because of the monetary overtones, but somehow I can't convince myself that an amendment making the bill retroactive to October 11, 1974, would be one of monetary significance. If this doesn't present a problem, possibly it is something which could be done.

The next problem is one we cannot remedy but, nevertheless, I think we should look into it in committee. I am referring to the apparent fact that any lieutenant governor entitled to a pension as a former member of the House of Commons or of this house would be denied that pension while receiving the pension he had become entitled to as lieutenant governor. We are informed that Bill C-52, which is before the House of Commons now, as you know, and is likely to come before us in this session, would take care of that problem. But I have gone through Bill C-52 carefully and I have found nothing there to indicate that when a lieutenant governor draws a pension he will still be entitled to a pension payable under the other acts providing pensions to, for example, former members of the House of Commons or civil servants or diplomats or otherwise. And if that protection is not there, then that means that the pension provided here might end up being substantially reduced. In other words, a retired lieutenant governor would, as a former member of the House of Commons or of the civil service entitled to a pension, see that pension stopped or, in the alternative, would see his pension as former lieutenant governor reduced proportionately.

You may wonder what this bill means exactly in terms of dollars. Clause 3(2) limits the pension to three-tenths of the average salary received by the lieutenant governor in the last five years of his service. Well, in practical terms, at the present time the "last five years" means \$35,000 for the last year or two—not more than two years, I think—and the remainder of the five years at \$20,000. The average of the last five years, then, is not that high. In most cases it would be something like \$6,000.

I cannot see why this bill should have made the lieutenant governor's position in that respect different from the Governor General's. In other words, the basis for the calculation of this pension should be three-tenths of the present salary rather than three-tenths of the average salary received over the last five years. However, that is another problem we cannot deal with here or in committee owing to the fact that we cannot amend this bill in that respect. But it seems to me that the bill should have been more generous and, as I say, more in line with the treatment provided for the Governor General, whose pension is based on his salary at the time he retires, or at the time of his death so far as the pension to his widow is concerned.

In any event, apparently the maximum payable under this bill is only about \$10,500 a year, which is not much.

Further to that, as Senator Bourget mentioned, there is the fact that he is entitled to his pension only when he reaches the age of 65, which again is not the case for the Governor General. Nor do I think that you can really compare the position of the lieutenant governor with that of the diplomats. If he accepts the appointment of lieutenant governor at the age, let us say, of 56, by the age of 61 he has, in practice, sacrificed five productive years, in most cases, and it seems to me that there should be adequate compensation immediately upon his retiring.

● (1430)

These are the criticisms I have about the practical results of the bill, rather than of the bill itself. But as I said before, lest any long dispute about the bill or delay in its passage prejudice lieutenant governors, I do not think we should try to do anything about these matters at this time, especially since I do not think, constitutionally, we can do so.

There is another point that I would like to mention, although it may be less important than the matters I have just referred to, and that is the fact that we have former lieutenant governors who will not benefit from this legislation and who probably should be entitled to receive the benefits provided by it. I have not been able to ascertain the exact situation as far as various persons are concerned, but it seems to me that at least some of those who have served in this capacity of lieutenant governor might be in need. Certainly, all of them deserve to be considered, but this bill fails to take such persons into account. I do not think Senator Bourget is objecting to this bill's going to committee so that these problems can be brought before it and perhaps lead to the committee's making certain worthwhile recommendations.

Hon. Chesley W. Carter: Honourable senators, I should like to say a word in support of what Senator Flynn has just said. He has pointed out that this legislation does not solve all the problems that might have been solved with respect to lieutenant governors. He has pointed out that certain lieutenant governors will not benefit from it at all. I do not know what he had in mind by this, but I think he might have meant that this legislation in its present form will have a discriminatory effect on at least two present lieutenant governors.

I think it is unfortunate, when we bring legislation before the house, that we do not make every effort to eliminate or cure as many problems as we can. As Senator Flynn has pointed out, we cannot do much with this bill except to expedite its passage. However, I do want to strongly support his plea that this bill go before a committee, where these problems can be put on record and not lost sight of, so that we can do something at a later date to remedy situations which I think the bill ought to have remedied already.

Hon. Maurice Bourget: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Bourget speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Bourget: Honourable senators, I would like to thank Senator Flynn and Senator Carter for their remarks

in connection with this bill. I must say that I entirely agree with what Senator Flynn has said, because even though I am sponsoring the bill I am not entirely in agreement with its contents. I believe it is unfair to two lieutenant governors in particular who are now in office, because I know, as do many other senators, the particular circumstances in which they accepted their positions. The fact is that their acceptance involved great personal sacrifice. I say again, therefore, that I do agree entirely with the suggestion made by Senator Flynn and Senator Carter, and my wish is that this bill go to a committee and that the committee have the opportunity to make a recommendation in their report so that in the near future the cabinet, or the minister responsible for the bill, will have a chance to review it and render justice to the two lieutenant governors that we have mentioned.

Senator Flynn asked me two questions. The first was if there were any lieutenant governors who had retired after October 1974. I do not know the answer, but I do not recall that any lieutenant governor has retired since that date. However, this is information which we can obtain when the bill is in committee.

As far as the second question is concerned, relating to the pensions to which they are entitled, I think the answer was given when this bill was in committee stage in the House of Commons. Mr. Béchard, a member, asked the following question:

Mr. Chairman, I would like to ask another question. In the two cases discussed earlier; that is, the case of Quebec and New Brunswick, the two persons involved were former members of Parliament. Mr. Chairman, when the present Lieutenant Governor of New Brunswick retires, he will no doubt have the right to the Lieutenant Governor's pension benefits, yet that will not prevent him from receiving pension benefits accorded to members of Parliament.

The minister, who was Mr. Chrétien at that time, said: "Absolutely not." He went on to say that the lieutenant governors would be eligible for both pensions. Another member said that Bill C-52 would have to be passed first.

So, honourable senators, I am not in a position now to give a complete answer to Senator Flynn's question, but again this is a question that could be asked in committee.

Honourable senators, there is nothing that I should like to add at this stage. As we all know, half a loaf is better than no bread, and I hope that every one of us will accept this bill and send it to committee where recommendations can be made in accordance with the circumstances. I hope that the bill will be unanimously accepted in this house.

Senator Choquette: Honourable senators, if the bill goes to committee we should try to find out the true pronunciation of the word "lieutenant". I understand that "loo-tenant" is American while "left-tenant" is Canadian and English. Perhaps we could straighten that out in committee.

Senator Bourget: We can probably ask Mr. Spicer about it.

Motion agreed to and bill read second time.

[Senator Bourget.]

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Bourget: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Health, Welfare and Science, which is the committee which deals with pensions.

Motion agreed to.

● (1440)

PRIVATE BILL

CONTINENTAL BANK OF CANADA—SECOND READING

Hon. John J. Connolly moved the second reading of Bill S-30, to incorporate the Continental Bank of Canada.

He said: Honourable senators, this bill has really three purposes: first, to establish a bank under the provisions of the Bank Act; second, to provide for the amalgamation of that new bank with an established sales finance company in Canada; and, third, to provide the rules for this amalgamation. The new bank is to be known as the Continental Bank of Canada, and the established finance company is IAC Limited.

Honourable senators know very well that an application to Parliament for the incorporation of a bank is made according to the prescriptions of Schedule B to the Bank Act, and such bills are essentially committee bills. In such a case the committee looks at the bona fides and the financial capacity of the applicant. This bill is certainly a committee bill.

I believe that it will emerge very quickly that the bona fides of IAC are established adequately, and that it has good financial capacity. However, we shall have to deal also with the other provisions of the bill, which govern the processes whereby the assets and properties which IAC now owns can be disposed of—either by passing them over to the new bank, or by disposing of them in some other fashion. Therefore, for the assistance of the chamber I shall divide my remarks into two branches, and deal first with IAC Limited, its history and its operations, and, secondly, with specific clauses of the bill.

At first IAC Limited was known as Industrial Acceptance Corporation Limited. It was incorporated federally in 1925, 50 years ago. The name was changed to IAC Limited by supplementary letters patent in 1970. The company originally was American-owned, and the American owners decided 50 years ago to abandon their project in Canada. At that time it was taken over by a group of young Canadians who had had rather remarkable careers in the business and financial world through this company. They were Mr. J. P. A. Smyth of Ormstown, Quebec; Mr. G. E. Wemp of Bath, Ontario—both farmers' sons—Mr. J. H. Rannahan, of Stratford; and Mr. J. B. Pennefather, of Hamilton. They were all in their twenties, and thought they had an opportunity with Industrial Acceptance Corporation. So, with the help of Greenshields Incorporated, they started to operate the company as a Canadian-owned company.

Honourable senators may be interested to know that the Honourable Norman McLarty, who was a member of the wartime government of Mr. King, was the first solicitor

for the company. It is also interesting to note that the Right Honourable Louis St. Laurent was a director of IAC before he joined the government and became Prime Minister of Canada, and he returned to the board after he retired from public life.

Perhaps I should put on record that the present officers of the company are Mr. K. H. MacDonald, chairman of the board, and Mr. J. S. Land, president, with Mr. S. F. Melloy, Mr. D. W. Maloney, Mr. F. P. Paradis, Mr. A. P. Bolin, and Mr. R. E. Campbell as senior vice-presidents.

The company started in Windsor, Ontario—or, as the suburb was then known, Walkerville. Its headquarters now are in Toronto. IAC Limited is essentially a Canadian company. It has some 12,000 shareholders, who own 13.5 million shares. Ninety-six per cent of these shares are owned by Canadians, and no single group of shareholders has control of the company. There are 16 directors, all of whom are Canadian. The company employs over 2,800 people, and has over 750 offices in 270 locations in all of the provinces of Canada.

With respect to its assets and liabilities, IAC Limited is the largest sales finance and consumer loan company in Canada. Among Canadian financial institutions, apart from insurance companies, from the point of view of assets it ranks eleventh, and from the point of view of equity it ranks sixth. In 1974 it managed assets of \$2.04 billion. In 1974 the company's gross income was \$221 million; its gross expenditures, \$176 million; and its net earnings, approximately \$23 million. It has retained earnings of \$135 million, and it paid dividends on its preferred and common shares in 1974 to a total of \$13.9 million.

The aggregate of the company's debt is \$1.474 billion. This is divided as follows—and I list these items only because of some later remarks I want to make—according to the 1974 financial statement: bank loans outstanding, \$24 million; secured short-term notes, over \$606 million; secured long-term notes, \$637.8 million; outstanding debentures, approximately \$103 million; and subordinate debentures, \$35.7 million.

When those four young Canadians began to manage and operate the company, they were most concerned with the financing of Studebaker motorcars—financing for the dealers in Windsor and for the consumers, the purchasers. However, I see that for many years now the company has offered to the Canadian public a complete range of financial services. It carries on wholesale and retail sales financing, inventory financing, and it makes dealer loans and business loans. It deals in mortgages, for both homes and businesses. It is in the business—and it is an extensive business—of leasing capital equipment, and, of course, it is in the business of consumer loans. The company's commercial activities extend into the fields of transportation, construction, logging, and of machinery particularly in the resource industries.

The company's services are supplied, first, by the parent company, and by seven subsidiaries. The first of these is Niagara Finance Company Limited, which is a wholly-owned subsidiary dealing in consumer loans. Niagara happens to be the largest Canadian-owned consumer loan company. It has 260 branches across Canada.

● (1450)

Honourable senators, a bank cannot deal through a finance company or a consumer loan company like Niagara. Banks are, however, very active in the field of consumer loans, and the new bank will be able to step in and take over the kind of business done by Niagara. Niagara, in 1974, had over 230,000 customers, and receivables of over \$305 million.

There are two other subsidiary companies wholly-owned by IAC, which I can group together. They are Capital Funds IAC Limited and Capital Funds (IAC Ontario) Limited. They deal largely in commercial loans. Their functions can be performed by a chartered bank, but not through the agency of a subsidiary company. This work is done directly by a bank, and this is part of the portfolio to be amalgamated with the bank.

These companies deal to a great extent with the purchase and lease of capital equipment. That cannot be done by a bank at the present time under the provisions of the Bank Act. There may be a change coming, and I will refer to that a little later. The outstanding portfolio for these two capital fund companies in 1974 amounted to \$432 million.

IAC also owns two realty companies—Niagara Realty of Canada Limited, which deals in mortgages outside of Ontario, and Niagara Realty Limited, which deals with a mortgage portfolio within Ontario. Those companies operate from 268 locations across Canada, and in 1974 had receivables of \$176 million.

A bank, of course, can only do this business subject to the restrictions of the Bank Act in respect of a mortgage portfolio, and that will have to be trimmed down and accommodated to the requirements of the Bank Act as the amalgamation process proceeds.

The company wholly owns two insurance companies, of which it must divest itself. One is called Sovereign General Insurance Company, incorporated in 1953. It has assets of \$18 million, and in 1974 had outstanding some 77,000 policies. It owns also the Sovereign Life Assurance Company of Canada, incorporated in 1962 with assets of \$78 million. The work of those companies dovetails with the work of sales finance and other subsidiary companies through which IAC deals.

I should say also that IAC, in company with others such as The Royal Trust Company and the Canada Permanent Trust Company, has a 40 per cent interest in the Sovereign Mortgage Insurance Company, which insures, as honourable senators know, first mortgage lenders against loss. This business will also have to be divested by IAC.

Honourable senators may be interested to know about the distribution of IAC's business in the various areas of the economy. Sixty-five per cent of their business is done in the field of business financing, 16 per cent in sales financing, 10 per cent in consumer loans, and 9 per cent in residential mortgages.

In 1960 IAC had its charter amended by supplementary letters patent to enable it to deal in business financing and leasing of capital equipment to customers. In 1974, 14 years later, it had outstanding receivables on its books in this field of \$432 million.

I am told that in Canada over the last several years there has been very extensive development in this field, particularly of investment by banks from the United States that are able to get into the field of leasing. I have figures which indicate the extent to which American banks are invading this particular field through Canadian subsidiaries. Perhaps the word "invading" has a sinister meaning, but American banks, apparently, have been in the field of financing in the United States through leasing for a number of years and have developed quite a technique. The field was open in Canada, but our banks could not do this. American banks were able to incorporate Canadian subsidiaries in the provinces, and then to go to work. It has all worked quite well. For example, in the field of leasing, in June 1975, subsidiaries of 100 American banks had business on their books of \$310 million. This represented an increase of 40 per cent over the volume of the year before.

They had business loans on their books of \$1.147 billion at June 1975, an increase of 37 per cent over the previous 12 months. They had business in one-year notes on their books of over \$1 billion, an increase of 65 per cent over the 12 previous months. So obviously these are areas of financing which have been developing in this country very extensively indeed.

May I now set out briefly some of the reasons advanced by the company for proposing the kind of change which the bill suggests. The company feels that its competitive position would be improved if it is incorporated as a chartered bank. I am told that in the past 10 years, in the consumer credit field alone, the banks grew at an average rate of 19.8 per cent per annum, and the credit unions at the rate of 14.6 per cent, but that the sales finance companies, of which IAC is one, grew only at the rate of 4.5 per cent. So, obviously there is room for growth.

IAC, as a bank, will be able to borrow more cheaply than can the chartered banks, and therefore will be able to service its customers better and presumably more cheaply and more competitively.

I am informed also that the demand for capital in the next 10 years, for the resource industries chiefly and for industry generally, will be a great strain on the capital market in Canada. Traditionally IAC customers have been small and medium size businesses. They are the people who will be squeezed if demands for great gobs of capital should develop within the next decade. IAC feels that this is an area which they can service if they have better access to capital funds.

In my opinion, there is a legitimate desire on the part of a company such as this, which has grown from such small origins into the kind of institution it is today, to occupy more of those fields which are now invaded by foreigners, by banks and other competitors within Canada. I have said nothing about the fact that they have also to compete with fairly substantial finance companies which are subsidiaries of the large American manufacturers. The covenant of the large American manufacturers, when these subsidiaries go to sources of capital, makes it easier for them to obtain money at lower rates.

Honourable senators, in speaking at length, I have tried to present a picture—perhaps a rather inadequate one—of

the background of the institution which now proposes to merge itself into a new chartered bank in Canada.

• (1500)

I come now to the bill which, first of all, provides for the incorporation of a bank to be known as Continental Bank of Canada and, in the French language, Banque Continentale du Canada. Like all other banks to be incorporated by act of Parliament, it will have provisional directors. Its provisional directors will be the 16 directors of IAC Limited at the time this bill is enacted. In other words, the bank and IAC, for a period, will have a common board. In order to qualify to be a director, one has to own 500 shares of IAC, which are currently selling for about \$18 per share, for a total investment of about \$9,000.

None of these directors is to own shares of Continental Bank of Canada in the first instance. All the stock that is to be issued by Continental Bank of Canada will be issued to IAC. The Continental Bank, in other words, will be a subsidiary of IAC. It is rather an anomaly among Canadian banking institutions that another company should own a bank. That is not to be forever, but only until the amalgamation takes place.

The capital stock provided by the bill for the new bank is \$100 million divided into 10 million shares with a value of \$10 each. IAC will subscribe for \$50 million of that capital, and will own all of the issued shares in the first instance.

The headquarters of the bank will be in the city of Toronto. After the bank is incorporated, the processes leading to amalgamation will begin. The balance of the bill, really, prescribes the rules which will govern those processes.

I should point out to honourable senators that this is the first time in the history of Canadian banking institutions that a large Canadian financial institution has sought permission to convert itself into a chartered bank.

To bring IAC Limited into conformity with the Bank Act, the bill provides for a transition period. This transition period will start on the date royal assent is given to this bill, and will end when the two companies and the subsidiaries of IAC Limited are amalgamated into one legal entity. That period can be up to, but no longer than, 10 years, as provided in the bill. After the amalgamation, Continental Bank of Canada will emerge, and IAC Limited and its seven subsidiaries, and its other properties, will disappear. IAC Limited shareholders, after the amalgamation, will become shareholders of Continental Bank of Canada.

During the transition period, both the new bank, Continental Bank of Canada, and IAC Limited will be in existence. Continental Bank of Canada, in that transition period, will be wholly owned by IAC Limited. It will be subject to the Bank Act, with certain exceptions that are set out in the bill.

IAC Limited will also be in existence, owning a new subsidiary, namely, Continental Bank of Canada, and it will be disposing of its other subsidiaries and other assets to Continental Bank of Canada, and elsewhere when it has to. IAC Limited, although it is not a bank, will be subject in that interim period to the Bank Act in certain areas of its activities.

During the transition period it is proposed to exempt Continental Bank of Canada from certain sections of the Bank Act, and I am going to pick out a few that are listed in the bill before us.

It is provided, first of all, that the directors of IAC Limited will be the directors of Continental Bank of Canada. Some of these directors of IAC Limited—a goodly number of them, as a matter of fact—are now directors of other deposit-taking institutions, such as banks, trust companies, and the like. The Bank Act, as honourable senators are aware, does not allow a director of one bank or trust company to be a director of another. For that reason, this overlap must be eliminated. The bill provides that this must be done within a period of two years from the date of this bill's receiving royal assent.

The Bank Act also requires public notices to be issued when a new bank opens its stock books and when it holds its shareholders' meetings. However, during this interim period there will be only one shareholder of Continental Bank of Canada, and that will be IAC Limited. It will own \$50 million worth of the shares of the new bank, and because there is only one legal entity to be advised of meetings, and so on, compliance with that section of the Bank Act does not seem necessary.

IAC Limited, under the bill, is given the right to subscribe for, and vote, all of the shares of Continental Bank of Canada that it picks up in the course of this 10-year transition period. The directors of IAC Limited need not own shares of Continental Bank of Canada in order to qualify as directors of the bank.

I point out that this type of provision is frequently repeated in the bill, the reason being that what is provided for the board of directors of Continental Bank of Canada has also to be provided for the board of directors of IAC Limited, so that all of the legal requirements are covered on both sides.

With reference to the mortgage portfolio controlled by IAC Limited or its subsidiaries, I should point out that a new bank is entitled to reach a maximum size for its mortgage portfolio over the period of its first eight years of existence, and the maximum prescribed is 10 per cent of its deposit liabilities and its outstanding debentures at the time. This new bank, of course, is going to start with a very substantial mortgage portfolio which will be obtained from the IAC organization. Therefore, Continental Bank of Canada is to be treated as though it had been in business for some time, and not as a new bank, in respect of the mortgage portfolio, because a new bank would only develop such a portfolio gradually.

Clauses 8 to 11 of the bill treat of the relationship between Continental Bank of Canada and IAC Limited during the transition period. Again, honourable senators, Continental Bank of Canada and IAC Limited will both be in existence during this transition period. Continental is being built up by the infusion of assets from IAC Limited and its subsidiaries, and IAC Limited, in turn, is being run down.

This bill permits IAC Limited, or some alternative person approved by the minister, to own all of the shares of Continental in this period, and for Continental to be a wholly-owned subsidiary of IAC Limited. Again, the

directors of IAC Limited in this period shall be the directors of Continental. Continental, in this period, is forbidden to make any loans, either to IAC or to any of its subsidiaries.

Clause 10 is, perhaps, the pivotal clause of the bill. It provides that within 10 years after the act comes into force Continental and IAC Limited shall amalgamate. The shareholders of IAC Limited shall become shareholders of Continental Bank of Canada. The amalgamation is to be carried out pursuant to the provisions of the Canada Corporations Act, the Canada Business Corporations Act and the Bank Act, *mutatis mutandis*—which means that if you can find sections that are applicable, then those are the ones that apply. Clause 10 goes on to provide that after the amalgamation has taken place, Continental shall be wholly subject to all of the provisions of the Bank Act and the special exempting provisions in this bill will no longer be applicable.

• (1510)

At the time of the amalgamation IAC will probably still have a substantial volume of debt. Some of this debt, of course, is long-term debt with maturities later than the date of amalgamation. The bill provides that the Continental Bank will become responsible for the payment of any of that debt where the maturities come after the date of amalgamation. Likewise, too, the holders of convertible debentures issued by IAC, which debentures have a right to convert into common shares of IAC, will have those rights preserved, and they will be able to convert either into common shares of IAC, if that is appropriate, or into shares of the bank. As a result of the amalgamation the Continental Bank will emerge as the sole surviving corporate entity, and IAC will have disappeared.

During this period of transition between the time of royal assent and the time of amalgamation, certain sections of the Bank Act will be applicable to IAC, although IAC is not a bank. For example, IAC will have on its shoulders the responsibility, as does the bank, to comply with the provisions of the Bank Act which require an order in council to be issued within a year of royal assent allowing the bank to start business. IAC must shoulder that onus as well.

Qualifications respecting the eligibility of directors, their election and their removal, the election of officers, the filling of vacancies on the board, the conduct of meetings, the transmission and transfer of shares, and things of that kind, provided for in the Bank Act to be observed by a bank must be observed by IAC in the transition period.

More specifically, the provisions of the Bank Act will apply to the shares of IAC which have not been issued but which perhaps it might be desired to issue before IAC goes out of existence. In other words, IAC will not be able to take shares out of its treasury and sell them to the public; it must comply with the provisions of the Bank Act requiring that shareholders of the bank shall be given rights on a pro rata basis, and any shares that are issued out of the treasury must be issued to all shareholders pro rata. If the shareholders do not take them up resort can be had to the public.

I am still talking about IAC and the Bank Act. I have mentioned the two insurance companies, Sovereign Life Assurance Company of Canada with assets of \$78 million,

and Sovereign General Insurance Company with assets of \$18 million. Both are valued at over \$5 million, which is important for the application of the provisions of the Bank Act. Both these companies are wholly owned by IAC. Under the Bank Act a bank cannot own insurance companies, or indeed more than 10 per cent of any kind of company. The Bank Act will be applicable to IAC, and under this bill it will have two years to reduce these holdings to 10 per cent.

I have perhaps said enough about the conversion rights attached to preferred shares and convertible debentures of IAC. The right to convert the IAC common shares of the holders of each of these types of security is to be honoured by IAC. The Bank Act provides that no individual shareholder is entitled to hold more than 10 per cent of the issued shares of the bank. IAC has one shareholder with more than 10 per cent of the issued shares of IAC. Under the provisions of this bill, this shareholder will be given four years to comply with the provisions of the Bank Act.

The four-year period is one for which there is a precedent. When the City Bank of New York owned more than 10 per cent of the Mercantile Bank when it was incorporated, the Bank Act provided that it would have four years within which to bring its investment down to the level permitted by the Bank Act. Likewise, when the Bank Act was amended the last time, trust companies were given four years within which to liquidate the more than 10 per cent holdings in chartered banks.

Section 15(1) of the Bank Act requires a new bank, within a year of its incorporation, to obtain an order in council permitting it to continue business. In this case IAC has a year to prepare Continental Bank to start business, and IAC will own the whole of it at that time. In that period of time there is obviously a great deal to do. It has to make arrangements with the Bank of Canada; it has to convert its branches to bank branches; it has to train its staff; it has to get supplies; and it has to establish deposit and other facilities that are required in branches of a bank.

The bill also provides that after the order in council issues allowing the Continental Bank to commence business, Continental Bank must do all the banking business, and none of the banking business that might be done by IAC thereafter can be done by IAC.

There are certain permitted activities for IAC during the transition period. Let me give a practical example of this. After the Continental Bank has its order in council permitting it to start business it will, of course, be making business loans and consumer loans, and it will be taking notes and other documents of security for these loans. IAC has, of course, a tremendous portfolio of receivables, including notes and contracts which it has from its customers, as evidence of the amounts that have been loaned to these people by IAC. I have mentioned two already.

IAC has a number of different types of debt, including secured term notes, which in 1974 had a value of over \$637 million. These notes carry a covenant from IAC that 112 per cent of the outstanding balances on these notes will be secured by IAC receivables—in other words, by the conditional sales contracts and other notes that IAC has in its portfolio. During the interim period, of course, IAC will every day be receiving payments on these receivables, and

some of them will be retired from time to time. Therefore, to replenish this volume of receivables which IAC must maintain as long as these notes are outstanding as security for its secured term notes, IAC is to be permitted to buy from the Continental Bank such of its receivables as IAC may need to honour its commitment to the holders of its secured term notes.

There is, however, a ceiling placed upon the amount of such business to be conducted by IAC. It is the amount of business that is in place at the time of the order in council permitting Continental Bank to start business.

● (1520)

There is very little more to be said. Perhaps I have said too much already, but I do want the Senate to understand as much as I understand of this rather complicated bill. As I said, it really is a committee bill.

During the transition period, which is no longer than 10 years, IAC and its subsidiaries will be permitted to carry on leasing activities which IAC has been engaged in for some years now. Its portfolio in this field is now worth \$432 million. In 1974 it had a mortgage portfolio of \$176 million.

Now, leasing is not allowed to banks under the Bank Act, and mortgage lending is restricted by the Bank Act, as I indicated earlier, but the bill does fix a limit for such business for IAC. The maximum is the total value of outstanding business, in both the mortgage field and the leasing field, at the date of royal assent, plus any commitment for new business which IAC had at that date.

Honourable senators, in the transition period, IAC and its subsidiaries are allowed to continue to hold the assets which they held at the time of royal assent, and to do whatever is necessary to deal with them, to husband them, to borrow, and to invest, subject to the terms of this bill.

The customers of IAC can deal with IAC without being fixed with the knowledge of the limitations imposed by this bill upon IAC.

The bill also provides some penalties and sanctions. If Continental Bank or IAC, or their directors, should, in the transition period, contravene the special provisions of the bill we have before us, the minister, after notice, may declare the benefits which are granted to IAC cancelled.

If the amalgamation does not occur within the ten years of royal assent, Continental Bank shall not carry on thereafter. Clauses 12 to 14 apply certain sections of the Bank Act to IAC. If IAC violates any of these provisions of the Bank Act, the penalties provided in the Bank Act may be invoked against IAC.

A failure to secure an order in council to begin business within one year of royal assent means that all the provisions of this bill will have no further force and effect, and all the power under the Bank Act, conferred upon IAC by this bill, will be lost.

Honourable senators, if the bill is given second reading, I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce. Senior officials of IAC will be available to the committee, and they will submit a brief which may be helpful to the members of the committee.

Although I do not speak for the committee, it will probably want to call officials from the Department of Finance and, more particularly, from the office of the Inspector General of Banks, with whom IAC and their representatives have had lengthy discussions over a long period of time about this complicated matter. I am sure that counsel for the Senate will be in attendance as well.

I commend this bill to the Senate.

Senator Deschatelets: Would Senator Connolly answer a question? Some of these provisions, at first glance, seem quite unusual, especially those having to do with the transition period when IAC disappears so as to permit Continental Bank to come into existence. I should like to know if these provisions have been examined by an official body, to make sure that they are in line with the Bank Act, for example.

Senator Connolly (Ottawa West): Of course, I do not know from personal knowledge about the discussions that took place between the representatives of IAC and the officials of the Department of Finance and the office of the Inspector General of Banks. However, I am informed that that consultation has been going on for many months.

Being the sponsor of a private bill, one does not commit any official to a position on it, but, as I understand it, the provisions of this bill are those that emerged from discussions between those officials and representatives of IAC. That will be examined in committee, of course.

This is a carefully prepared bill. It is obviously a complicated bill, but it has to be complicated because of the complicated nature of the process that is proposed.

Senator Everett: Did I understand the honourable senator to say that the borrowing cost of the finance subsidiaries of the large automobile manufacturers is less than that of IAC?

Senator Connolly (Ottawa West): I understand so, yes.

Senator Everett: I hate to raise this niggling point after such a superb presentation by the honourable senator, but I wonder if at a later time he could produce some data to substantiate that assertion?

Senator Connolly (Ottawa West): Gladly; if not privately, I will get data for the committee.

Senator Everett: Thank you.

Senator Sparrow: Would the honourable senator permit a couple of questions? First of all, I would like to say how interested I was in listening to his presentation.

I may have misunderstood some of these points. First, did Senator Connolly say that the banks presently are prohibited from engaging in leasing arrangements? Perhaps he could say if that is what he said.

Secondly, will this act cease to exist at the end of ten years when the new bank comes under the Bank Act? I have not read the bill, but I would assume that there is something in it to that effect.

Senator Connolly mentioned that at present there is a shareholder of IAC who holds more than 10 per cent of the shares. What percentage of the shares does this shareholder have at present? Does this action of IAC require a vote of the present shareholders, and, if it requires a vote, has a vote of the shareholders been held?

Senator Connolly (Ottawa West): Honourable senators, my understanding is that Canadian banks are not permitted, under the Bank Act, to engage in the business of leasing by way of financing. I also understand that, because the practice has grown so extensively in this country, there may be an amendment to the Bank Act to allow banks to do this business. I think it will be a logical development because American banks, which are not restricted, are coming in and establishing subsidiaries and getting into this field in a very large way, as I indicated earlier.

Senator Sparrow asked whether or not this act will be out of being after ten years. I suppose the interim provisions will no longer be applicable. I suppose they will be spent sections after the amalgamation takes place, whether that is in five years, eight years or ten years, and they would not be available to any other comparable situation. Another finance company would have to make its own arrangements about such a fusion.

● (1530)

However, the provisions incorporating the bank—that is, the standard provisions that are found in Schedule B to the Bank Act—would continue to be valid, because through them the bank would be incorporated, its capital established, its head office set up, and that kind of thing. But, certainly, after the amalgamation certain provisions of this bill will be spent.

Of the outstanding shares of IAC, I am not sure what percentage is owned by the shareholder which owns more than 10 per cent. It could be 15, 20 or perhaps even 25 per cent. I do not know, but no doubt that information will be available in committee.

I think from a legal point of view the decision to proceed with this bill was a step which could have been taken as part of the internal management of the company, but, in any event, there is a shareholders' meeting to be held some time before the committee meets to consider the bill.

Senator Macdonald: Honourable senators, it is obvious, even from the lucid explanation given by the sponsor, that this is a most complicated bill. It seems to me that there are a number of instances where IAC is asking to be exempted from provisions of the Bank Act. That aspect of the matter will certainly need to be examined quite closely. We have no objection to the bill's going before a committee for examination, but I do stress one point that occurs to me, namely, that if we have a Bank Act we should expect its provisions to be complied with; if not, we certainly want to know why not.

Senator Connolly (Ottawa West): May I say to Senator Macdonald that I am pleased indeed to assure him that the exemptions from the provisions of the Bank Act to which he has referred will certainly be matters which will be looked at carefully by the committee. From the study I have been able to give the bill, I would say that most of those exemptions have to be provided if the machinery is to work at all. The situation is unusual, as I have said, in that this is the first time a major financial institution has attempted to coalesce or amalgamate with a bank.

I thank honourable senators for their help and their attention in this matter.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Connolly (Ottawa West) moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

INTERNATIONAL WOMEN'S YEAR

DEBATE CONCLUDED

The Senate resumed from Thursday, May 8, the debate on the inquiry of Senator Quart calling the attention of the Senate to International Women's Year.

Hon. F. Elsie Inman: Honourable senators, I would like at this time to say welcome to the recently appointed senators who have joined us in this chamber. They will, I know, contribute much to the work of the Senate.

Now that we are approaching the closing months of International Women's Year it is fitting to bring to account some of the circumstances which have led women to make themselves heard more loudly during this year. We must consider what has been accomplished—consider the improvement in women's position in our present society, and what future improvements we will see in the cultural and economic equality of a woman's world.

When did the idea of equality for women first begin? It might seem that the first effort at sex equality was when Eve appeared in the Garden of Eden and disturbed Adam's peaceful existence.

In the Mycenaean culture, about 2000 B.C., women were the more dominant sex. Men, of course, were needed to propagate the race. Their usefulness ended there. The goddess more than God was worshipped.

This civilization disappeared about 1000 B.C., and a reversal in the state of affairs took place. Male dominance came into being with the Dorian invaders, and for the last 3,000 years we have been conditioned to the idea of male dominance. At various times since then, women have come into prominence by making marked contributions to civilization in different fields.

At times down through the ages women became militant and decided to make themselves and their power felt. Those occasions did not last long, and women once again sank into a state of apathy and let the men do the ruling of the state—and also of women.

However, rapid changes are taking place today, and once again women are taking giant steps toward full equality in the political, business and social life of Canada. As a nation, our people, especially our women, have fresh memories of old traditions, and have dared to explore new frontiers.

The third world women no doubt will have different and perhaps radical theories on what women's concerns are regarding their social and economic lifestyle. It is something we must think about, and face in the future.

At this point I should like to refer to the 17th and 18th centuries and tell you of some women who, in those early years, led the way in industry, the professions, and the arts and sciences.

[Senator Connolly (Ottawa West).]

In 1702 a woman established and printed the first daily newspaper in the world. A woman wrote the first novel.

The reaping and harvesting machine was the brainchild of a woman who also invented paper tubs and pails. The gimlet screw for steamships, the cotton mill, the deep sea telescope, hydraulic engines, transmission of power cable cars, a spark arrester for trains, machinery used in building dams, combination locks and many more remarkable inventions I could name were thought out by women in those centuries. In the professions and arts many women of those times became equally well known.

In our own era there have been exceptional cases when women have become famous for their accomplishments. I will name Madame Curie for one. In the early part of this century, Nellie McClung, along with other dedicated women, worked to secure the right to vote. Perhaps that was the thin edge of the wedge in our time towards winning equality for women.

The purpose of International Women's Year is to change some of the time-worn ideas about women. The United Nations declared 1975 to be International Women's Year. Our government drafted cabinet documents outlining programs for the promotion of women in all spheres of our society. In fact, women are again emerging from the old traditions and are seeking equality.

We are pleased to know that the provincial governments have also taken steps to improve the status of women within the areas of provincial jurisdiction, such as property laws, civil rights and education.

● (1540)

Women comprise one-half the human race, and they are among the greatest contributors to a nation's growth, prosperity and development. Many people are coming around to the view that what we want to achieve is equal opportunity, and, at the same time, equal respect for the woman who chooses to follow the more traditional role of wife and mother.

Many women have successfully combined the duties of homemaking and motherhood with business or a profession, arranging their lives so that they can give care and attention to both. However, with few exceptions, where there are young children mothers are needed in the home. The little ones need the mother's presence, and the feeling of security that comes from knowing that mother is there.

It is true that changes have been made through legislation to improve the status of women. We know that during the past three decades women have come more and more out of the homes and into the business and professional life of the country. But it will take time and energy to attain full equality, and that only if women themselves have the patience and poise to make a concerted effort,

and to accept a little progress at a time without fuss and contention. This is a challenge we must meet.

But if full equality comes, we may have to do without some of the courtesies which men have been in the habit of extending to the fair sex, and which we have learned to appreciate and expect. And why not?

The Hon. the Speaker: Honourable senators, as no other senator wishes to participate, this inquiry is considered as having been debated.

The Senate adjourned until Tuesday, November 4, at 8 p.m.

THE SENATE

Tuesday, November 4, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

PRIVILEGE

PURCHASE AND SALE OF SHARES OF SKY SHOPS EXPORT LIMITED, DORVAL AIRPORT

Hon. Louis de G. Giguère: Honourable senators, I wish to rise on a question of privilege. Yesterday a member of the House of Commons asked the Minister of Transport to order an inquiry into a transaction I made in 1972. In his question, the member stated that I had purchased shares of Sky Shops Export Ltd., a company operating a duty-free shop at the Dorval Airport, for \$1 in June 1972, and sold them for \$20 in November of the same year, thus making a profit of \$95,000; and that in the meantime the lease between Sky Shops and the Department of Transport had been extended for a period of five years, leaving the impression that I had something to do in the negotiations for an extended lease or that I knew of an eventual extension of the lease.

The story is quite different when one knows all the facts. In December 1969 or January 1970, the chairman of the board of the company, Sky Shops, who is a good friend of mine, offered me an option to buy 5,000 shares of the company at \$1 per share, which was the price paid by all other shareholders.

About two years later—in December 1971 or January 1972—the matter was discussed between us again, and when he reiterated his offer I agreed to buy 5,000 shares at \$1 per share. He told me then that when we returned to Montreal—we were in Florida at the time—he would make the necessary arrangements for the transfer of the shares. However, it was only at the beginning of June that we met again, at which time he told me to go to Ogilvy, Cope, attorneys for the company, where I could complete the transaction, which is what I did on June 12, 1972. I made out a cheque in the amount of \$5,000 for 5,000 shares.

I then forgot the whole affair until I was told in November 1972 that a company, Lawson Travel Agency, had offered to purchase all 119,000 shares of Sky Shops at \$20 per share. All the shareholders decided to accept this offer, as did I. I later reported the transaction in my income tax return and paid the required taxes.

The member of the other place, when he reported this transaction, mentioned that there could be a possible conflict of interest. I wish to state emphatically that I never at any time, directly or indirectly, intervened in any transaction between Sky Shops Export Ltd. and the Department of Transport, or any other department or agency of the federal government. Furthermore, I never asked any member of Parliament, senator, cabinet minister, or any official of the government, to favour any request by Sky Shops Export Ltd.

There was never any conflict of interest affecting me at any time. The purchase and sale by me of the shares of Sky Shops Export Ltd. were the purely private transactions which I have described. If, however, some honourable senators believe that there is, or was, any conflict of interest on my part, I would welcome an inquiry by an appropriate committee of the Senate, and I would be pleased to appear before such committee.

● (2010)

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the name of Mr. Brewin had been substituted for that of Mr. Orlikow, that the name of Mr. Rompkey had been substituted for that of Mr. Portelance, that the names of Messrs. Portelance and Guay (St. Boniface) and Miss Bégin had been substituted for those of Mr. Rompkey, Miss Bégin and Mr. Guay (St. Boniface), and that the name of Mr. Dionne (Kamouraska) had been substituted for that of Mr. Beaudoin on the Special Joint Committee on Immigration Policy.

ENVIRONMENTAL CONTAMINANTS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-25, to protect human health and the environment from substances that contaminate the environment.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Department of the Secretary of State of Canada for the fiscal year ended March 31, 1975, pursuant to section 6 of the Department of State Act, Chapter S-15, R.S.C., 1970.

PRESS GALLERY

Senator Perrault: Honourable senators, it is a pleasure to welcome to the gallery of the chamber this evening so many representatives of the fourth estate. We hope they

will continue this worthwhile habit and thus see the constructive work done in the Senate.

PRINTING OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Smith (Colchester) be added to the list of senators serving on the Standing Joint Committee on the Printing of Parliament; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

THE PRIME MINISTER

ORDERS IN COUNCIL CONCERNING PREROGATIVES—QUESTION

Senator Forsey: Honourable senators, once again I have a question of the Leader of the Government. This time it is a rather, shall I say, exotic question, of some constitutional significance, I think. I am afraid he will have to take it as notice because I doubt if he has this particular piece of information at his fingertips.

Has any order in council or minute of council similar to P.C. 3374 of 1935, dealing with the prerogatives of the Prime Minister been passed since that date?

If so, when was it passed, and what are its terms?

I may say the first order of this sort was passed on May 1, 1896, by the government of Sir Charles Tupper and successive orders of the same sort were passed by various governments down to 1935, at least. I am anxious to find out whether any similar orders have been passed since and, if so, what are the terms.

Senator Perrault: I regret, honourable senators, I do not have this information immediately available at my desk. I shall take it as notice and endeavour to obtain as complete an explanation as possible, as quickly as possible.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

QUESTION

Senator Buckwold: Honourable senators, by coincidence my question involves Senator Forsey. I listened with interest to a television program on Sunday evening. There was some discussion about a committee involved in government secrecy, a committee that is investigating secrecy in government.

I must admit I was not present last week because I was on government business. I wonder if Senator Forsey might clarify this, because I have been questioned on the matter.

Senator Flynn: Did Senator Buckwold say he was on government business?

Senator Buckwold: I was out representing the government on public business. That is what I meant.

Senator Forsey: I doubt if I am allowed to answer a question of that sort, under the rules. I think I can only answer with the leave of the Senate and I will be very glad to do so.

Senator Buckwold: I did not get your response.

Senator Forsey: I would simply say that this matter was referred some time ago. Mr. Baldwin's bill on the subject was referred some time ago to the Standing Joint Committee on Regulations and other Statutory Instruments. That is the committee concerned.

THE CANADIAN ECONOMY

ATTACK ON INFLATION—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the White Paper entitled: "Attack on Inflation—a program of national action," together with a booklet giving the highlights of the government's anti-inflation program, both dated October 14, 1975, tabled in the Senate on Tuesday, October 21, 1975.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I wish to yield to Senator Manning.

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Manning proceed instead of Senator Petten?

Hon. Senators: Agreed.

Hon. Ernest C. Manning: Honourable senators, I wish to thank Senator Petten for affording me the privilege of speaking tonight.

Stripped of all political verbiage, the subject of this inquiry is the government's proposal to introduce in Canada a comprehensive program of income and price controls. This is an unprecedented step in peacetime and, therefore, is a matter not only of national importance but of grave national concern.

I commend the government leader for affording the Senate an opportunity to debate this matter without waiting for the legislation which is now being considered in the other place.

● (2020)

Certainly, this is a debate which extends far beyond the halls of Parliament. From one end of Canada to the other concerned citizens in all walks of life are arguing the consequences for good or evil which they believe the government's program will produce. In thousands of homes, in public forums, in professional offices, in the headquarters of labour unions, in the board rooms of corporations, concerned people are trying to find out precisely what the implications of this program are for them.

Needless to say, the opinions differ widely: some are voicing guarded approval; others are vehement in their denunciation; but the vast majority are hopelessly confused at this stage, and most are uncertain as to precisely what the government's proposals are and whether they will work or not.

Of one thing the people of Canada are certain: our economy in this country is in serious trouble, and inflation

is our number one public enemy. For two years the government has drifted aimlessly without doing anything effective to resolve the great national problems which confront us. Have they at last come up with a solution, or is their belated attempt to curb inflation by imposing arbitrary income and price controls merely another example of governmental ineptitude?

To be fair, those who ask such questions also have a responsibility to answer them. May I, therefore, make clear at the outset that my assessment of this program is based on three convictions. In the first place, I believe the Government of Canada is sincerely anxious to come to grips effectively with the serious economic problems confronting us, especially the problem of inflation. It is superficial and unfair to dismiss what the government has proposed as a mere political gesture in response to mounting public demand that something concrete be done.

In the second place, I believe it is wrong and irresponsible to reject the government's proposals as being unfair to any group or groups in Canada, unless and until it is proven that such is the case. The government has emphatically stated its determination that the restraints proposed will be applied with equal fairness to incomes, to profits, and to prices. There is no valid reason to assume at this stage that this will not be done. Surely, the constructive and responsible thing is to accept the government's assurances, and defer further judgment on this point for at least three or four months, until actual experience proves or disproves the government's position.

Having regard to the gravity of the economic problems facing Canada today, every citizen has a responsibility to assess the government's proposals objectively. A wholly negative attitude at such a time as this is not the hallmark of statesmanship or leadership on the part of either management or labour. Most Canadians will deplore the negative responses of those who have condemned the proposals out of hand before even knowing precisely what they are, and without waiting until there is some evidence that they are not being applied with equal fairness to all segments of society.

In attempting to assess the proposals, we should remind ourselves, first of all, that income and price controls are not, and should never be regarded as, a solution to the problem of inflation. They bolt the lid on the kettle, but they can do little to cool the fires of inflation. As long as the fires are there, pressures within the economy will continue to build up, and they can be restrained by controls only for so long before the lid blows off. This is why countries which have tried controls have always faced a major problem when those controls finally broke down or were removed. At that time there is usually a rapid and large increase in prices, which may well trigger the whole cycle of inflation over again. Furthermore, it is usually harder for consumers to adjust to a deferred large and rapid price increase than to a series of smaller increases spread over a longer period of time.

The most we can reasonably hope for from a program of controls is, first, that they will provide, for those on fixed incomes and for the working poor, a temporary respite from further immediate large increases in the cost of living beyond what such people are able to absorb.

[Senator Manning.]

The second possible result, and perhaps even more important, is that controls may be effective in breaking the dangerous inflation psychology that has become entrenched in this and other countries in the last two or three years. Undoubtedly, this is one of the government's hopes. It is obvious that people have come to assume that prices will continue to rise, and as a result they do the very things which ensure that prices will be pushed still higher. Everyone is trying to protect himself and his interests by demanding more now to protect himself against even higher prices in the future. Most people have little trouble convincing themselves that they are entitled to more, and that they can get more if they are sufficiently vocal and militant in their demands. In the stampede to protect their self-interests, business leaders, labour unions, professional people and just about everybody else, are all trying to get more out of the national economy than they are putting in. As our aggregate demand exceeds our aggregate production the inevitable result is an upward pressure on prices.

This situation is aggravated by the current attitude towards work which has developed, with considerable help from governments, in recent years. In too many cases the philosophy seems to be, "Do less, but demand more, and no matter how much more you get, let the quality of your work continue to decline."

Statistics published recently show that wage and salary levels are about 13 per cent above the levels of a year ago, and that production per person is down 3.8 per cent. The average Canadian worker is being paid more, and is producing less, today than a year ago.

● (2030)

Governments have aided and abetted this trend by constantly promising more and more to the electorate in return for their votes, but seldom have they pointed out that every new service or facility provided has to be paid for by somebody, and now, in Canada at least, the bills are coming in. The popular fallacious concept that as a matter of right everybody should produce less and receive more has robbed this country of a level of productivity that could have averted many of the problems which have now moved the government to desperation measures as a last hope of averting a threatened economic collapse.

If the government's program succeeds, even in part, in ending the expectation philosophy and inflation psychology which presently prevails, it will be a major achievement, and the government will be deserving of and entitled to full credit.

It is obvious that to be successful the government's program must receive widespread public support, and the mobilization of such support is the major problem the government now faces. In trying to mobilize the necessary support the government will have to overcome four formidable obstacles, three of which are of the government's own making.

The first obstacle is the problem of credibility. For 18 months the government has adopted the attitude that there was no great urgency to do anything, certainly not anything drastic, to cope with worsening economic conditions. As far as income and price controls were concerned, the government repeatedly declared that these were unworkable, that they were not acceptable to the government and it was not the government's intention to employ wage and

price controls in coping with the country's economic problems. It is no secret that the government won the last national election largely on this issue. We have to give the government credit for being more successful in selling to the Canadian people the idea that income and price controls was an undesirable policy than their opposition was in selling the idea that there was some merit in wage and price controls.

But having successfully convinced the Canadian people that there was no urgency to take any drastic action to cope with the worsening economic conditions, and that if any action was necessary it certainly was not income and price controls, the government now completely reverses its stand and puts itself in the unenviable position of having to convince the public that what six months ago was wrong and undesirable is now right and necessary, and the thing to which the Canadian people should give enthusiastic endorsement and support. That is why one of the greatest problems the Government of Canada will have in mobilizing the necessary support for its program is the credibility gap that has been created by that reversal of position.

It is completely inadequate for the government to say, "Well, conditions suddenly changed so dramatically that what was unacceptable six months ago is now the sound and desirable thing to have." For the past 18 months, leading economists, labour leaders, business people and a host of others have been stating repeatedly that we were headed for trouble. The storm signals were flying on every side and anyone, certainly anyone in government if he had his finger on the pulse of the country, could have predicted a year ago at least that we would shortly face a national economic crisis.

The second obstacle the government has to surmount—and this one is not of the government's making—is the fact that income and price controls have not worked successfully in other jurisdictions where they have been tried. This has been particularly noticeable on this continent in the recent experiment in the United States. Some senators may be acquainted with a book published recently by Charles Jackson Grayson, Jr., who was Chairman of United States Prices Commission, recruited by former President Nixon to head up the commission responsible for administering the United States program of income and price controls. Mr. Grayson acknowledges that he accepted the position with considerable enthusiasm because he felt that the program proposed was sound and necessary. However, in his book he lists some seven reasons why he has concluded from his experience that wage and price controls are unworkable and foredoomed to failure in a peacetime free society. This is in line with the experience in most other places where this kind of program has been tried.

In recent years we have heard many nationalists telling us that we should maintain our own identity and under no circumstances imitate or copy the United States, and it is a little ironic that, a year after that country abolished controls because they were not accomplishing what they had hoped, we are doing the same thing they tried and abandoned.

The government of this country has a rather poor track record when it comes to managerial expertise and it is asking quite a bit of the Canadian people to expect them to accept the proposition that the government will be able to

make a success of a program which has not been successful in any other jurisdiction where it has been tried.

The third obstacle is the vagueness of the proposals themselves. Legislation for a program of this kind must of necessity be very broad in its provisions. Certainly the government cannot be faulted for not spelling out in detail exactly how the proposals will apply in each case and what the impact will be in each of the numerous areas affected; but the proposals, as presented to the public, are so vague that hundreds of questions remain unanswered. All across this country people are asking questions and are unable to obtain answers because the answers simply have not yet been formulated.

● (2040)

We all know that people tend to put the most unfavourable interpretation on proposals that are unduly vague and indefinite. The government would have been well advised to have taken a little longer to develop its proposals in considerably more detail than was done, to have thought through questions which the proposals were likely to invite, and to have had answers ready to meet inquiries from the public and allay the fears which have arisen. The very fact that the proposals are so vague, and that answers have not yet been formulated, implants in the public mind the impression that the program was hastily put together and without due attention to what the implications would be when it was put into operation.

There is a fourth obstacle which the government will have to overcome, and which was touched on by Senator Forsey in his address the other day. I refer to the incredibly poor psychology that the government used when it first presented its proposals to the public. Whether or not it is justified, the fact is the majority of Canadians are convinced that the government itself is the worst offender when it comes to lack of restraint. Public expenditures by the Government of Canada have increased from approximately \$6 billion in 1966 to approximately \$35 billion today. That is not the kind of track record which makes the public feel that the government attaches any real importance to exercising restraint.

All over this country people are saying, "Why is the government asking us to impose restraint on ourselves when governments, not only federal but provincial, are themselves showing no leadership in exercising restraint?"

Expenditures by the Province of Ontario have jumped from \$2 billion ten years ago to approximately \$11 billion today. Expenditures in my own province and in British Columbia have increased about the same. Right across Canada, almost without exception, the story is the same. The cold, hard, simple fact is that governments will not be successful in persuading citizens to exercise restraint until they themselves provide leadership in practising what they preach.

It is all very well to say that a large part of federal government expenditure is directed to the redistribution of the nation's wealth to the pensioners, the poor, the sick, the afflicted, and so on. No one suggests that the government should make cuts in those areas. That is not what Canadians are talking about. They are talking about the failure of the government to exercise restraint in areas that are well within its power to restrain without in any way adversely affecting the public interest. If, when

announcing the government's program, the Prime Minister had zeroed in on half a dozen specific areas and given Canadians the assurance that in those areas the government was going to make immediate reductions, even though the total in dollars may have been only a few hundred million, the psychological impact would have been tremendous.

If honourable senators followed the press reports which appeared in the same week that the Prime Minister announced his program, they will agree that some of the newspaper articles the public was reading along with the Prime Minister's announcement certainly did not help the government's case.

Here is one headed: "Two million on public payroll," House told." It goes on to say that 19 per cent of Canada's work force is now on government payrolls. That represents 9 per cent of the Canadian population, or 88 people out of every 1,000. Governments could eliminate 10,000, 20,000, 50,000 people from the two million they now employ, and the public would never know the difference unless someone advertised in the media that the reduction had taken place.

Here is another article which appeared the same week: "Olympic entertainment to cost \$8 million." The article goes on to say that to the cost of the Olympics to be held in Montreal, which has jumped from an initial estimate of \$310 million to over \$1 billion, is to be added another \$8 million for entertainment when the show goes on the road.

Here is another: "\$250 million tab possible for translation." The article goes on to say that the government is going to have translated some two million pages of technical papers—everything from plans for planes to manufacturer's manuals on guns for the armed forces. I know that bilingualism is official in Canada, but it is hard to get people to understand, when they have got along for a hundred years without these documents being translated into French, that now when everyone is asked to tighten his belt we have to spend \$250 million to translate hundreds of manuals to conform with the government's policy of bilingualism.

Since I have mentioned the subject of bilingualism, I remind honourable senators that the government is now spending \$350 million a year on this program. I suggest that we could cut those expenditures by \$100 million and the public would never know the difference unless someone drew it to their attention.

Here is a gem: "\$79,000 toilet study." The article says:

Government researchers will be skulking about in more of the nation's washrooms in a search for the ideal toilet.

Cost of the program so far is \$79,000 and a written answer tabled in the Commons... indicated the program is only 40 per cent complete.

So that means there will be an expenditure of \$200,000 before this proposed research is complete. The article goes on:

The government also surveyed a shopping plaza and three grandstands, and plans future studies of offices, industrial plants, schools, theatres and restaurants.

[Senator Manning.]

That appeared in the press the same week the public was being asked to accept a program of restraint to curb inflation.

I recall that the Prime Minister made a couple of memorable speeches some time ago in which he said they were going to keep the government out of the nation's bedrooms. I suggest he should make another speech on keeping the government out of the nation's bathrooms. We could save \$200,000 of the taxpayers' money by that one simple decision alone.

• (2050)

Senator Buckwold: Put a lid on that program.

Senator Manning: Here is another news item: "Senior civil servants bitter over Ottawa's wage example." This is a Canadian Press dispatch out of Ottawa. Let me read a brief excerpt:

While Prime Minister Pierre Elliott Trudeau and his cabinet ministers stomp the country selling the government's anti-inflation program, there are gloomy predictions from many senior public servants that the program will never be a success until there is a top-level, we-mean-business example from Ottawa.

"So far neither the politicians nor the senior public servants have been asked to make a sacrifice," said one official who recently received a \$4,000 annual increase. "Until we make that gesture, I don't see how we can ask everyone else to make sacrifices."

It goes on to mention that there were 1,150 top-level officials who were granted increases from \$2,000 to \$6,000. Senator Forsey referred to this. I understand that the increases were approved, as he said, some months ago, but it came out in the media at the the same time as the Prime Minister's appeal to the Canadian people to exercise restraint.

The article continues:

One senior public servant, obviously bitter at the government's approach, said the increase he and others received recently should have been rolled back within the guides and MPs should be asked to make the same sacrifice being asked of other working Canadians.

I agree with that wholeheartedly.

I mentioned in this house when opposing the members' indemnity increase last year that it was not a matter of the dollars involved—the amount is but a drop in the bucket of total federal government expenditures—but the adverse psychological impact on the Canadian people. The 33½ per cent raise granted at that time has become a factor in almost every labour-management wage negotiation that has taken place since.

Honourable senators will have noticed from the press that when the Minister of Labour has tried to sell the government's program to representatives of organized labour he has repeatedly been asked, "Why are you talking to us about restricting our wage increases to 10 per cent when you gave yourself 33½ per cent?"

You can argue until you are black in the face that the circumstances are not the same. The psychological impact is there and, in my judgment at least, it was incredibly poor psychology for the Prime Minister of Canada to appeal to the public for restraint without at the same time

saying, "We are going to cut \$50 million from the budget of the CBC; we are going to cut \$50 million out of the bilingualism program; we are going to stop these stupid programs that are not doing anyone any good; we are going to cut back on the public service. We are not merely going to stop buying a few pens and paper clips; we are going to make some real meaningful reductions in government spending. We are even prepared to roll back our own indemnities and those of the senior public servants, and apply to ourselves and to them the same guidelines we are asking everyone else in Canada to accept."

In conclusion, let me stress that I sincerely hope the government's program will be given a fair trial, and I hope it will prove successful. It is the course that the government of this country, acting on behalf of the Canadian people, has decided to pursue. I hope every Canadian citizen, every corporation, every labour union, every profession, every organization, every level of government, and every member of Parliament, will recognize and accept the responsibility each has to help make the program work.

But I repeat, income and price controls are not the long range answer to the problem of inflation in this or any other country. Inflation can be successfully brought under

control only if and when at least three things happen. First, a lessening of the external inflationary pressures as the economies of other nations improve, particularly those nations with which we are trading partners; secondly, a significant increase in Canadian productivity, and this will happen only if the government stops stifling initiative and enterprise by unnecessary bureaucratic interference, and by excessive taxation that destroys the incentive of the Canadian people to invest in the development of the economy of their own country; and thirdly, a recognition by management and labour that they are integral parts of the same team, and that they must work together to make maximum production their goal for the good of all.

Finally, for inflation to be kept under control, after these other requirements are met, we as a people must recognize that self-discipline is a necessary virtue, because self-discipline moves people to impose on themselves, without government laws or regulations, whatever restraints are needed, not only for their own good but for the good of others. Therein may well lie the key to the future well-being of our nation.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 5, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Jacob Austin, Esquire, has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and was seated:

Hon. Jacob Austin of the City of Vancouver, British Columbia, introduced between Hon. Raymond J. Perrault, P.C., and Hon. George van Roggen.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Raymond J. Perrault: Honourable senators, on a personal note may I say that I have had the pleasure of knowing our new senator for many years and I am certain that he will make an able, conscientious and hard-working senator. I know you will join with me in welcoming him to our ranks.

Hon. Jacques Flynn: Honourable senators, I join with pleasure the Leader of the Government in welcoming our new senator. I am sure we can use some of the expert knowledge that he possesses in many fields.

Senator Austin came to Ottawa in, I think, 1963, as executive assistant to our late colleague Senator Laing when he was appointed Minister of Northern Affairs and National Resources. He later became Deputy Minister of Energy, Mines and Resources and, I am told, is the father of Petro-Can. But I can't bring myself to believe he will want to claim that paternity for very long. I think it is worth mentioning that after his stage as a deputy minister, Senator Austin went to the Prime Minister's Office. I am sure he will agree that that is a great place to be from. Furthermore, for anyone out of the Prime Minister's Office, an appointment to this place cannot be looked upon as anything but a promotion.

Senator Austin is invited to lend his voice to the many other voices of wisdom one hears in this place. I'm sure his contribution will be worthwhile. I would add that it is interesting to note that the Prime Minister, having appointed a Tory to reinforce the Opposition, did not lose any time in reinforcing the Government ranks.

• (1410)

Hon. J. J. Greene: Honourable senators, if I might be permitted a word in joining other senators in welcoming Senator Austin. I might say that I have had a very special relationship with him. I was once his minister in Energy, Mines and Resources, when he was my deputy minister and, as such, under our system, obviously my boss. Therefore, it is nice to have him here now where we can be equals.

Senator Flynn: He is going to be helpful to you, I am quite sure.

Hon. George van Roggen: Honourable senators, it is unusual that when a new senator is introduced in the Senate he is from the same province as the Leader of the Government and the second senator who escorts him into the chamber. Senator Perrault has already spoken, not only as the Leader of the Government but also as representative of British Columbia in the Senate. I will not speak in that capacity. However, I wish to say that as a person who has worked in many areas with Senator Austin over the last 15 years, he brings to this chamber an exceedingly keen intellect and a hard-driving and hard-working approach to anything he undertakes. I am sure that this will greatly benefit the Senate in years to come.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of expenditures and administration in connection with the Family Allowances Act for the fiscal year ended March 31, 1975, pursuant to section 14 of the said Act, Chapter F-1, R.S.C., 1970.

Report of expenditures and administration in connection with the Old Age Security Act for the fiscal year ended March 31, 1975, pursuant to section 26 of the said Act, Chapter O-6, R.S.C., 1970.

Copies of a Statement of the effect of placing endangered species of wild fauna and flora on the import control list, issued by the Department of Industry, Trade and Commerce pursuant to section 5 of the Export and Import Permits Act, Chapter E-17, as amended by section 3 of Chapter 29 (2nd Supplement), R.S.C., 1970.

Agreement, dated October 17, 1975, between the Government of Canada and the Province of Quebec concerning information, recruitment and selection of foreign nationals residing outside of Canada for

permanent residence or temporary employment in the Province of Quebec.

Statutory Declaration of Ann Elizabeth Haddon Bell, of the City of Nanaimo, British Columbia, formerly Ann Elizabeth Haddon Heath, a member of the Senate of Canada, declaring that her name is now Ann Elizabeth Haddon Bell.

PRIVATE BILL

EASTERN CANADA SAVINGS AND LOAN COMPANY AND CENTRAL & NOVA SCOTIA TRUST COMPANY—REPORT OF COMMITTEE PRESENTED

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill S-29, to enable the Eastern Canada Savings and Loan Company and Central & Nova Scotia Trust Company to amalgamate, presented the following report:

Wednesday, November 5, 1975.

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill S-29, intituled: "An Act to enable The Eastern Canada Savings and Loan Company and Central & Nova Scotia Trust Company to amalgamate", has, in obedience to the order of reference of Tuesday, October 28, 1975, examined the said Bill and now reports the same with the following amendments in the French text only:

1. *Page 1*: In the Preamble strike out the words "la Compagnie d'épargne et de prêt du Canada-Est et la" and substitute therefor the following:
"la compagnie The Eastern Canada Savings and Loan Company et la compagnie"
2. *Page 2*: Strike out lines 13 and 14 and substitute therefor the following:
"compagnie The Eastern Canada Savings and Loan Company et"
3. *Page 2*: Strike out lines 34 and 35 and substitute therefor the following:
"compagnie The Eastern Canada Savings and Loan Company et la compagnie Trust Central et Nouvelle-Écosse"
4. *Page 3*: Strike out lines 6 and 7 and substitute therefor the following:
"compagnie The Eastern Canada Savings and Loan Company était une compagnie fiduciaire au sens de"
5. *Page 3*: Strike out line 25 and substitute therefor the following:
"compagnie Trust Central et Nouvelle-Écosse avait reçu,"
6. *In the Title*: Strike out the words "la Compagnie d'épargne et de prêt du Canada-Est et la", and substitute therefor the following:
"la compagnie The Eastern Canada Savings and Loan Company et la compagnie"

Respectfully submitted,

Salter A. Hayden,
Chairman.

The Hon. the Speaker: When shall this report be taken into consideration?

Senator Hayden moved that the report be taken into consideration at the next sitting.

Motion agreed to.

SCIENCE POLICY

SECOND REPORT OF SPECIAL SENATE COMMITTEE ADOPTED

Senator Lamontagne, Chairman of the Special Senate Committee on Science Policy, presented the second report of the committee as follows:

Your committee recommends that its quorum be five (5) members.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Lamontagne: Honourable senators, I move, with leave of the Senate, that the report be adopted now.

The Hon. the Speaker: Is there unanimous consent, honourable senators?

Hon. Senators: Agreed.

Senator Flynn: Yes. It is a very grave matter.

Motion agreed to and report adopted.

THE PRIME MINISTER

ORDERS IN COUNCIL CONCERNING PREROGATIVES— QUESTION ANSWERED

Senator Perrault: Honourable senators, yesterday afternoon Honourable Senator Forsey asked the following question:

Has any order in council or minute of council similar to P.C. 3374 of 1935, dealing with the prerogatives of the Prime Minister been passed since that date?

If so, when was it passed, and what are its terms?

In response to the question, I can report that no order in council or minute of council similar to P.C. 3374 has been passed since 1935.

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS

Senator Perrault: Honourable senators, I should like to bring to your attention the latest information about the postal dispute. Unfortunately, I can report no striking breakthroughs or successes from this morning. However, the government remains hopeful about the possibility of an early settlement, and should one occur this afternoon or while we are deliberating it will be duly reported.

RULES OF THE SENATE

MOTION FOR ADOPTION OF REPORT OF STANDING COMMITTEE ON STANDING RULES AND ORDERS—DEBATE ADJOURNED

The Senate proceeded to the consideration of the report of the Standing Committee on Standing Rules and Orders which was presented Wednesday, October 29, 1975.

Hon. Hartland de M. Molson moved the adoption of the report.

He said: Honourable senators, in presenting the report of the Committee on Standing Rules and Orders last week I indicated that I would try to give an explanation today of the changes to the rules which your committee recommends. I asked that the report be printed as an appendix in the *Debates of the Senate* and in the *Minutes of the Proceedings of the Senate*, so that all senators would have an opportunity to see what is proposed. I will deal with the matter as quickly as I can because I realize that rules are not a very thrilling subject. They are important, however. One might say that they are a little like money: rather difficult to keep, but it is exceedingly awkward if you don't have any.

● (1420)

I would like to add one other gratuitous, if perhaps contentious, comment on this subject. I believe that rules are an extension of the democratic process because they make conditions the same for all. They reduce the advantages of the selfish who disregard the interests of the whole.

The changes were suggested by members of this chamber and by the Clerk of the Senate and his staff. While many are just small changes, with the object of clarifying wording, they were brought up because of ambiguities which were discovered and which in some cases led to debate in the chamber. An illustration of this latter situation was our lack of clear understanding as to what authority the forms and proceedings of the Senate, as set forth in appendix II, wielded. You may remember that there was a debate as to whether or not they had the same weight as rules.

If I may I will now run down the proposed changes with a word of explanation in each case.

Rule 1. This is a very minor change which merely tidies up the wording of the rule, eliminating the phrase, "... the forms and proceedings of the Parliament of Canada..." which do not exist, and substituting, "... the usages, forms and proceedings of either house of the Parliament of Canada..."

Rule 3. The only change here is in the preamble to the rule which says, "Notwithstanding anything in these rules..." It was pointed out by a senator that this rule was in conflict with some others. It is a simple change.

Rule 6. This rule states: "These rules shall come into force on a day to be fixed by order of the Senate."

Again, this is a minor change. The previous wording was, "go into operation," which was rather unsuitable.

Rule 14. The change you will see there is simply to clarify the procedure. The new rule says: "14. When the Senate adjourns, senators shall stand until the Speaker has left the chamber."

The present rule provides that senators shall keep their places until the Speaker has left the chamber, and as we know senators frequently are not in their places.

Rule 14A. This is a new rule and it regularizes a procedure that we follow by way of motion or resolution in each session. It simplifies a mechanism by which the Speaker recalls the Senate at a time earlier than that set forth in the motion for adjournment, if the Speaker is satisfied that the public interest requires that the Senate meet at a time earlier.

[Senator Moison.]

The other two subclauses of 14A are simply the normal addition to such a clause:

14A. (2) Non-receipt by a senator of the notice referred to in subsection (1) does not affect the validity of the notice.

(3) In the absence of the Speaker, or where the office of Speaker is vacant, the Clerk of the Senate may act for the purposes of this rule.

This is to make sure that the Senate can be called if necessity dictates.

Rule 15. The present rule reads:

15. The Speaker shall preserve order and decorum, and shall decide points of order, subject to an appeal to the Senate. In explaining a point of order or practice he shall state the rule or authority applicable to the case.

We are simply adding this clarifying sentence: "When the Speaker rises, all other Senators shall remain seated or shall resume their seats." This is the case, for example, when the Speaker calls the Senate to order. The addition clarifies the procedure we adopt to help the Speaker maintain order.

Rule 28. This rule commences with the words:

A Senator shall not speak twice to a question before the Senate...

This is now changed to read: "A Senator shall not speak more than once," which is obviously the intention underlying the rule.

Rule 29. There we are adding inquiries to the list of items with respect to which a senator shall have the right of final reply. At present, a senator who has moved second reading of a bill or who has made a substantive motion, shall have the right of final reply. It was felt that inquiries should be included. The new rule will read:

A Senator who has moved the second reading of a bill or made a substantive motion or an inquiry, shall have the right of final reply.

Rule 32, honourable senators, involves a minor change in wording. The existing rule says:

A debate shall not be in order on a mere interrogatory—

That is now changed to:

A debate shall not be in order on an oral question—

We felt this change was necessary because we have run into some misunderstandings on this point.

Rule 34A is new. It is the result of increased discussion in this chamber and in committees as to whether tradition permits us to quote from speeches made in the other place. As a result, based on precedent and practice and in order to clarify our procedure, this new rule 34A has been added:

The content of a speech made in the House of Commons in the current session may be summarized, but it is out of order to quote from such a speech unless it be a speech of a Minister of the Crown in relation to government policy. A Senator may always quote from a speech made in a previous session.

Rule 36.(1) involves a change in wording by adding thereto the words "to adjourn the debate.". This new rule reads:

When a question is under debate, a motion shall not be received "unless it is a motion to amend the question, to refer the question to a committee, to adjourn the debate, to postpone the debate to a certain day, for the previous question, or for the adjournment of the Senate."

This minor change has been made to clarify the wording.

Rule 36.(3) has also been amended by the insertion of these words in the latter part of the rule: "If the motion for the previous question is defeated,". At present this part of the rule simply reads: "If it is defeated,".

Again, this is a minor change purely for purposes of clarification.

Rule 37. This rule has been considered rather ambiguous and it has been tidied up to conform to an acceptable procedure. It will read:

A Senator called to order by the Speaker shall discontinue his remarks and may not speak further, except on the point of order, until the point of order has been decided.

● (1430)

Rule 42. Again, this is a clarification. The rule reads: "The Speaker shall stand uncovered..." and the committee thought it would be better if it read: "The Speaker shall stand head uncovered...". This rule at present also provides that the Speaker shall leave the Chair when he or she proposes to address the House, and it has been reworded to read "when participating in a debate". That is, again, a very minor change.

Rule 45.(1)(f). This amendment eliminates the words "not merely formal in its character", referring to the adoption of a report from any standing committee. Those words were confusing and added nothing. The committee proposes that rule 45.(1)(f) should read: "for the adoption of a report from any standing committee".

Rule 46.(f). The word "question," which is used in many different senses in parliamentary language, has been changed to "matter." This clause now reads: "for the adjournment of the Senate, while a matter is under discussion".

Rule 46.(g) is amended in the same way, the word "question" being changed for the word "matter." In the French version there are two minor changes. Again the words "une question" have been changed to "une affaire." In the French version only in clause (s) we find "d'autres questions purement courantes ou non contentieuses." That has been amended by substituting the more appropriate word "motions."

Rule 54.(1). At present this rule provides: "All bills introduced in the Senate shall be in the English and French languages." As we know, many or most bills come from the House of Commons, and we do not have the opportunity to put them in the form we consider best. It is now a statutory requirement that all bills be printed in both languages. We have therefore changed this rule to read: "In any bill originating in the Senate ..." again, a minor change. Clauses (1) and (2) have been combined, and in the proposed clause (2) we have substituted "The text of any such bill" for "The text of the bill." It is a minor rewording. Clause (4), which now becomes clause (3), provides that a memorandum by the draftsman shall be

provided. The amended clause commences: "An explanatory note outlining briefly the reasons for each amendment..." Clause (5), now clause (4), is changed in a minor way. As amended, it reads:

This rule shall as far as practicable apply to the reprinting of any such bill.

That, again, refers to bills originating in the Senate.

Rule 56. In the past we have had discussions as to whether this is a hard and fast rule. It now reads: "The principle of a bill is debated at its second reading." The committee has amended the rule to read: "The principle of a bill is usually debated at its second reading."

Rule 66.(1). The amendment to this rule is that the words "select committees" have been substituted for the words "standing committees." This rule refers to the committee of selection appointed at the commencement of each session. The rule at present provides:

At the commencement of each session a committee of selection consisting of nine senators named by the Senate shall be appointed whose duty it shall be to nominate the senators to serve on the several standing committees.

It goes further than that, and provides that the committee of selection shall nominate the senators to serve on all select committees.

Rule 67.(1)(f) gives the Standing Committee on Internal Economy, Budgets and Administration the power to carry on the administration of the Senate without the necessity of having a matter referred to it by the chamber.

As we all know, this committee is actually the management committee for the Senate, and it should be in a position to consider matters and take action on any matters—domestic, housekeeping, administration or finance—without the necessity of a motion being passed in the House. The change in the wording makes that possible.

The clause now reads:

The Committee on Internal Economy, Budgets and Administration, composed of twenty members, five of whom shall constitute a quorum—

And here is the change:

—which is empowered on its own initiative to consider any matter relating to the internal economy of the Senate, including budgetary matters and administration generally, and to report the result of such consideration to the Senate.

So, while the committee does not have to have matters referred on motion, it does have to report back to the House if it takes some action.

Rule 67.(1)(k)(i). For some time there has been a mistake in this clause, which reads:

(i) banking, insurance, trust and loan companies, credit societies, caisses populaires and small loans;

The last group of words should be "small loans companies". Therefore, the word "companies" has been added.

Rules 67.(1)(g) to 67.(1)(m) establish the committees, and in each we have added the phrase "if there is a motion to that effect." For example, rule 67.(1)(g) reads:

The Senate Committee on Foreign Affairs, composed of twenty members, five of whom shall constitute a

quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to foreign and commonwealth relations generally, including—

And it will now read:

The Senate Committee on Foreign Affairs composed of twenty members, five of whom shall constitute a quorum, to which, if there is a motion to that effect, shall be referred bills, messages, petitions, inquiries, papers and other matters relating to foreign and commonwealth relations generally, including—

At the moment we have some difficulty because the instruction that a matter "shall be referred" does not always follow, because a matter is referred only if there is a motion in the chamber referring the matter to committee. I wonder if that is clear?

Senator Langlois: No, it is not clear.

Senator Molson: At the moment the wording is "to which shall be referred all matters". That is not necessarily true, because we do not refer every matter. It does not mean that because a matter exists it has to be referred. It is referred only if there is a motion in the house referring it to committee. The wording is not very clear.

Senator Flynn: Why not say "may"?

Senator Molson: The house decides, if a motion is put, whether a matter may be referred. If there is no motion, the matter does not go before the committee.

Senator Langlois: Are you merely changing the word "shall" for "may"?

Senator Molson: At the moment the rule says "to which shall be referred". We are adding "if there is a motion to that effect, shall be referred".

Senator Argue: Can any senator make that motion?

Senator Molson: Yes.

Senator Flynn: Then we are not forced to refer an appropriation bill to the National Finance Committee!

Senator Deschatelets: Does it mean that the Standing Senate Committee on Foreign Affairs would not be able to study a certain matter unless it is empowered to do so by the Senate?

Senator Molson: That is my understanding, Senator Deschatelets. If the committee itself wanted to study a certain aspect of foreign affairs, it would come to the chamber and have the matter referred to it, and there would be a motion to that effect. But that does not happen automatically.

● (1440)

As you will see from the wording, these rules refer to not only bills, but to "all bills, messages, petitions, inquiries, papers and other matters relating". At the moment, you might describe it as being a bit furry. It is not very clear. This amendment means that if the Senate wishes the action, there is a motion agreed to; if it does not wish the action, there is no motion. I hope that is just as clear as it was before I started.

In rule 68 we have added words to provide that the Leader of the Government and the Leader of the Opposi-

[Senator Molson.]

tion in the Senate shall be *ex officio* members of the Committee of Selection. This was not spelled out in the old rule. The Committee of Selection, as I mentioned earlier, meets at the beginning of each session to nominate honourable senators to the various committees, and this change makes it clear that the two leaders are *ex officio* members of that committee, which they were in fact, but not by any rule previously.

Rule 69 has been changed. This comes about as a result of certain misunderstandings over the last two or three sessions. The new rule provides a very simple way of getting the committees to work once the members have been nominated by the Committee of Selection, and they have been properly constituted. This rule will enable them to get down to their tasks right away. It reads as follows:

The Clerk of the Senate shall, as soon as practicable after a committee has been appointed, call an organization meeting of the committee, and the committee shall at that meeting choose a chairman.

It is merely a way of instigating the first action.

Rule 70. This was a matter of considerable discussion by the committee. As most honourable senators are well aware, we have had a great deal of difficulty with respect to the matter of quorums and attendances of committees, and with spreading our membership too thinly. It was suggested that non-members of committees might attend and form part of the quorum, but this was discarded as being impossible. The new rule will enable the committees to carry on with the hearing of evidence and their normal procedures, but not to take a vote without a quorum. In other words, a committee will be able to hear witnesses and take evidence without having a quorum.

As I said, this matter was discussed at great length by the committee, which felt this to be a very sensible rule, and one which does not, in any sense, weaken the powers of the committees because, when it comes to a vote on some matter, there must be a quorum present.

The committee would delete rule 74.(2). I do not recall by whom this deletion was suggested, but the rule does seem to be a bit anachronistic in this modern age. It provides that the mover of a motion to establish a special committee shall have the right to nominate the senators to serve on that committee. That seemed quite unnecessary and out of place in our procedures today. It has not been followed, to the knowledge of any member of the committee, for a very long time, so we deleted it.

Rule 77.(6) is new. It is suggested in an effort to get around the somewhat lengthy discussion we had last year as to how the conduct of affairs in the Senate or in committees is to be governed. The new rule 77.(6) reads:

Except as provided in these rules, a select committee shall not, without the approval of the Senate, adopt any special procedure or practice that is inconsistent with the practices and usages of the Senate itself.

It merely gives force to the idea that the child of the parent conforms to the actions and practices of the parent. I think it is innocuous, but it does clarify the functions and procedures of committees.

The wording of rule 78.(5) is changed to conform to our practice. The adjective "legislative" is eliminated, and the amended phrase is "that require implementation by the

Senate". The word "legislative" was considered to be redundant in that case. Any implementation by the Senate requires action, and this is what we are discussing. The proviso at the end of the existing rule is deleted. Those words are underlined, and are as follows:

Provided that where the recommended amendments or proposals which require legislative implementation are substantial, consideration of the report shall be postponed to a future day.

So, the new rule is clearer, tidier and shorter.

Rule 90. This, again, is merely a tidying up of an old rule which has to change with the times. It deals with the deposit of money to cover the cost of translation and printing of a private bill. The major change is the removal of the requirement for the printing of 800 copies in English and 300 copies in French. That now is left up to the committee. The rule also states that the money has to be paid before the introduction of the bill, rather than immediately after second reading.

Rule 100. In this case, it is a matter of semantics. In the present version the wording is "An important amendment", and the recommended wording is "A substantial amendment". That, again, is a minor tidying up.

In rule 113, the word "question" is changed to "matter"—again, because it is ambiguous.

The new French version of rule 113 eliminates a phrase in the middle, which was perhaps redundant and the meaning not altogether clear. The eliminated phrase is "la question de vacance de siège étant ainsi posée", and the rule now reads: "... examiner et régler cette affaire de vacance de siège." This, again, is just a clarification of the wording.

Rule 114. This rule is amended to read: "Within the first twenty sitting days..." as opposed to: "Within the first twenty days..."

Honourable senators, as I said when I presented the report of the committee, other changes are being made to the rule book to improve it. These are first, and perhaps most important, a new index which, I hope, will make it much easier for us to find an applicable rule quickly; secondly, the marginal notes in the rule book are being brought up to date—it is obvious that they have to be, and they will be brought up to date in accordance with the many amendments and changes which have occurred; thirdly, Appendix I, which is a table of related statutes, will be brought up to date; and, lastly, Appendix II, which I mentioned previously, the Forms and Proceedings of the Senate, has been clarified so as to provide us with background information on the customs, usages, forms and practices of the Senate, and ensure that they are not confused with and taken as rules.

I now call your attention to rule 6, which states:

These rules shall come into force on a day to be fixed by order of the Senate.

It is suggested that this day be January 5, 1976, if the printing can be completed by that date.

● (1450)

I should like to add one further note. A communication has been received from the House of Commons saying that in their view the three joint committees of the two houses on the Library, the Restaurant and the Printing, should be

replaced by one new joint committee to be named the Joint Committee on the Library of Parliament and Other Shared Services. This matter was referred to our committee by the Standing Committee on Internal Economy, Budgets and Administration, and has been approved in principle by that committee. It is probable, therefore, that there will be a further amendment to our rules in the near future, and that will be brought forward by the Rules Committee when we feel we are in agreement with the House of Commons on these changes.

Honourable senators, I have taken up enough of your time, and I resume my seat in the hope that I have given you an adequate explanation of this report.

Senator Goldenberg: I wonder if the honourable senator would explain the origin of and reason for the new rule 34A. It is the rule that it is out of order to quote remarks made in the other place in the current session.

Senator Molson: I should have suspected that Senator Goldenberg would ask that question. It is probably the most difficult matter to reply to.

This rule is really based only on precedent and practice in the relationship between the two houses. As far as I know, from time immemorial it has been considered inappropriate to quote from the current *Hansard* of the other house, I think probably to avoid contentious issues or the picking of arguments between the two houses. I know that in the years I have been here I have frequently been told by senators of longer standing, by the previous Clerk of the Senate and the present Clerk of the Senate, that there is a certain delicacy in dealing with current matters, which should never be a source of unnecessary friction between the two houses. For that reason, in an effort to devise an appropriate rule covering the situation and to set some standard on the matter, your committee finally evolved this one. Whether it is adequate or not I cannot say, but your committee felt that it summarized the relationship and covered the situation.

Senator Rowe: I should like to ask a supplementary question. Could Senator Molson tell us whether what he says has been a tradition in this house is applicable in the other house?

Senator Molson: I have had no experience in the other house, but from what I have been told over the years I understand that this rule is very much respected in the House of Commons. I have never read of our proceedings being quoted there. It may have happened, but I have never seen it in *Hansard*, and I have never heard our proceedings discussed in the other house, so I think the rule is respected there.

Senator Laird: Perhaps I might be permitted to point out that some few months ago I introduced a simple bill here.

Senator Flynn: We all remember.

Senator Laird: The debate lasted ten days. The Minister of Manpower and Immigration graciously informed me one day that that bill had passed first, second and third readings in one day in the House of Commons. I wondered how that had happened, and I took the trouble to read the House of Commons *Hansard*. I found that there had been perhaps half a dozen speakers in the debate there, and that

our proceedings were quoted verbatim. Everything I had said here in introducing the bill was quoted there.

Senator Argue: With no objection to it.

Senator Laird: No one objected.

Senator Molson: I thank my honourable friend for giving me one of the exceptions. I am afraid there is nothing we can do about it.

Senator Forsey: In connection with rule 54.(1) I should like to ask about what appears to be an omission. The present rule 54.(1), judging by the document I have before me, says that all bills introduced in the Senate shall be in the English and French languages, but in the revised rules I do not see anything about that. Is there some explanation of that apparent omission?

Senator Molson: The reason sub-rule (1) is omitted is because it is now a statutory requirement that all bills be in French and English.

Hon. George McIlraith: Honourable senators, it is with some hesitation that I rise to take part in this debate. I find myself impelled to do so because of my concern with a process that I think is going on in the Senate, which may be very dangerous for the Senate. I have some trepidation about this, because I recognize the extensive work done by the committee in bringing forward this report. However, I find myself in some difficulty in discussing what I want to raise because of the procedure now being adopted, which is the approval of a report.

The question before the Senate is whether or not we approve or adopt the report. I would have liked a procedure that would have permitted us to examine the amendments item by item and then get detailed explanations, and indeed amend them, if we saw fit to do so, item by item. In other words, I am expressing the hope that when proposed amendments to the rules of the Senate come before us another time we consider first another method of using the procedures available to this chamber for considering the matter.

It seems to me that this procedure is not wholly acceptable, because I find myself in the predicament of feeling considerable gratitude to the committee for the work they have done and, therefore, not wanting to block their report in any way, but at the same time feeling quite unsatisfied about some of the reasons for certain amendments. I frankly admit that I have not had an opportunity of making the examination I would like to have made of them between the time the report was tabled and now, when concurrence in the report is moved.

I hope the Senate will not continue what seems to me the practice it has fallen into in recent years of spelling out all its practices in the form of Rules of the Senate rather than what would seem, to me at least, the more acceptable practice of following the broad lines of the practice of the Senate over the years and making such changes as are required and adapting them to modern times.

In my view, as part of questions which I regard as very pressing and important is the larger question of parliamentary reform. There should be an opportunity to discuss in committee—my own view would be in Committee of the Whole—the extent to which we should be considering reform of the practices of the Senate, and possibly the

rules of the Senate as well. Instead of that, we are now engaged in a discussion of whether or not we will concur in a report amending certain rules of the Senate, and at the same time we are precluded from discussing the extent to which changes in our practices might or might not be adopted.

● (1500)

As a former member of the other house, I am one who thinks that when a bill originating in the House of Commons is received here and read the first time, the sponsor here should be permitted, without notice, to make a statement, and that the present two-day notice should be applicable only to further debate on the bill. That is the kind of practice which should be discussed on some suitable occasion. The practice on adjournment motions should be discussed as well.

In any event, coming more particularly to the rules, may I trespass on the time of the Senate for a very few minutes to raise some questions. Rule 1 provides:

In all cases not provided for in these rules, the customs, usages, forms and proceedings of either house of the Parliament of Canada shall, so far as practicable, be followed in the Senate or in any committee thereof.

Does this mean that a committee in the Senate should follow the practice of the House of Commons instead of following the usages and practices of the Senate? That is the way it reads.

Senator Molson: Are you addressing the question to me, Senator McIlraith?

Senator McIlraith: I wish to develop that question, if I may. That is the way the clause reads. I am quite sure it was not intended that we should in committees of the Senate disregard the usages of the Senate, in favour of usages of the House of Commons. The practice in the Senate has always been to follow the usages and practices of the Senate; and in the House of Commons, of course, to follow the usages and practices of the House of Commons. However, here, in spelling out the rules, we do something a little different. I do not think it was intended. I hope in due course we can get an explanation of it.

I come then to rule 34A which is:

The content of a speech made in the House of Commons in the current session may be summarized, but it is out of order to quote from such a speech unless it be a speech of a Minister of the Crown in relation to government policy. A Senator may always quote from a speech made in a previous session.

In the other place bills are presented by parliamentary secretaries, of whom there are a great number nowadays. There are private members bills presented by private members. A minister of the Crown, when presenting a bill in the other place, may make a speech that has no relationship to government policy. It may be on some factual or evidentiary matter supporting the bill. Yet, we are to be restricted here in respect of making reference to, and quoting from, such a speech in those circumstances. I do not believe the new rule 34A expresses what the committee was trying to get at. I believe it is unduly restrictive, and would like to hear some comment on that.

[Senator Laird.]

By the way, I regret that the procedure we are now using does not put the rules we are discussing in *Hansard* beside today's debate. They will be found in another place, in another paper, instead of in immediate conjunction to this debate today, as they would be if we were in Committee of the Whole. However, that is an aside.

Senator Croll: Are they not printed as an appendix to the *Debates* of October 29 last?

Senator McIlraith: That is not my point. The point I am making is about the form of the printed record of today's debate. It will not contain the rules that we are now discussing in precise form at the head of the debate, as would have been the case had we followed another procedure. Some thought should be given to that.

Senator Croll: They are appended to the *Debates* of October 29.

Senator McIlraith: Another form of the record of the *Debates* is to have the new rules printed there as is the case in Committee of the Whole, when we would approve them clause by clause.

In rule 46.(f), the change, as was explained by Senator Molson, is that instead of the word "question" we now have the word "matter". This change has been made in several of the new rules, with what I think are very significant consequences.

The whole subject matter of what a "question" is and so forth is discussed in *Beauchesne*, Fourth Edition, Annotation 191, to be found at page 163. If I may, just for the purpose of making the point, I will read one or two sentences.

The question is the subject matter of the motion, and on the merits of that subject matter the House has to give a decision—

In another place it reads:

The judgment or will of the House of Commons is that which is evidenced by the consent or agreement of the majority. In order to ascertain this agreement, the adopted method of proceeding consists in the submission of a proposition upon which the members express their opinion by a simple affirmative or negative.

That explains the method. Then, coming to the head of the annotation:

Every matter is determined in the House of Commons upon a question put by the Speaker on a proposition submitted by a member and resolved either in the affirmative or negative as the case may be.

The "question" is the decision of the relevant house of Parliament. It is the "question" that is debated, and you can raise many matters when you are discussing a "question". When that is taken away other rights, such as the right to move a motion, and so on, are affected. "Matter" is a different term altogether. The removal of the word "question" interferes with the rights of senators. I would like some explanation, beyond what has been given, of the removal of the word "question", which describes the process, so far as I know, in all the textbooks and all the decided cases. It is the terminology used in the decision-making process—the determination of the "question."

I would like to hear more explanation of what the significance and consequences are of changing "question" to

"matter" throughout the rules. I have not thought them all through yet, as I indicated at the opening part of my speech.

Senator Langlois: "Question" is defined in rule 5.(n).

• (1510)

Senator McIlraith: I think I had better put that on the record. Rule 5.(n) reads:

"question" means a proposal presented to the Senate or a committee thereof by the Speaker or chairman for consideration and disposal in some manner.

Honourable senators will see that the word "question" has a precise legal meaning within the context of our own rules, but the word "matter"—

Senator Flynn: It includes "question."

Senator Molson: That is our point.

Senator McIlraith: Yes, but it goes far beyond the things that would make a speech out of order, although it includes them. A senator is to be denied the right to move certain adjournment motions, for example, if the Senate is discussing a matter that is out of order. "Question" is a precise word that is capable of being understood.

There may be an explanation, and if so I would be most happy to receive it. As I say, I am not, at the moment, satisfied that there is an explanation.

The new rule 56 is:

The principle of a bill is usually debated at its second reading.

What is the significance of that? What is the reason for not making it mandatory, and saying that it shall be discussed at the second reading—not at its first or third reading, but at its second reading? It seems to me that the insertion of the word "usually" does not strengthen the practice but, rather, makes the practice uncertain, and dilutes it. In any event, I hope that will be explained further.

The whole of the new rule 67 troubles me, as does the existing rule 67, because it provides in all cases that, subject to a motion being made, certain matters shall be referred to certain committees. For example, so far as the rules go there is no way of referring a question relating to a narrow aspect of banking—certain financial implications with which we are concerned—to the Standing Senate Committee on Banking, Trade and Commerce if it is a matter dealing overall with health. It would be mandatory for us to refer it to the Standing Senate Committee on Health, Welfare and Science. The new rule proposed is equally deficient on that point, and it seems to me that that is not in accord with our practice.

Senator Flynn: You could not refer a health matter to the Standing Senate Committee on Banking, Trade and Commerce under the new rule.

Senator McIlraith: Well, let me use rule 67.(i) to illustrate the point. In the Standing Senate Committee on Banking, Trade and Commerce this morning reference was made to a shipping conference matter. If that had been all we were discussing, it could not have been referred to the Standing Senate Committee on Banking, Trade and Commerce under these rules.

Senator Flynn: No, and not under the new rule either.

Senator McIlraith: That is what I say. It seems to me that those two rules, the new and the old, are defective for the same reason, and the point has not been dealt with in the proposed amendment.

Senator Molson: Why would you refer the matter to the Standing Senate Committee on Banking, Trade and Commerce?

Senator McIlraith: Because it related incidentally and in a subsidiary way to the competition legislation, which I think all honourable senators will agree was properly referred to the Standing Senate Committee on Banking, Trade and Commerce. That is the kind of thing I am referring to. If the matter arose in the house it seems to me that, by way of motion, it would have had to be referred to the Standing Senate Committee on Transport and Communications for examination.

Senator Flynn: With unanimous consent you could do it.

Senator McIlraith: Yes, but, incidentally, the doctrine of unanimous consent is, in my opinion, foreign to the Canadian Parliament. I deplore the practice we use when we propose to waive a rule—usually for a time of debate. If it is something for which the rules require two days' notice, and we desire to proceed without giving the two days' notice, instead of asking, "Is there leave of the chamber?" we have fallen into the habit of asking for unanimous consent. They are quite different things. "Leave" merely means that all honourable senators are agreeable to proceeding now.

Senator Flynn: Yes, all honourable senators.

Senator McIlraith: It means all honourable senators present are agreeable to proceeding now, but it involves their doing nothing unless they object to proceeding now. If they do object, they say so. "Unanimous consent" involves quite a different thing. Unanimous consent involves their committing themselves to taking an active step, but parliamentary procedure is not based on the doctrine of unanimous consent. That doctrine of unanimous consent came from certain countries which have a different system of government from ours. It is really the Russian veto, and it arose through the United Nations. It is not a technique we should use. We are asking, "Is there leave?" or "Does any member object?" That is what we mean to ask. In any event, that is not germane to the rules before us today.

Honourable senators, I think that concludes the points I want to raise at this moment. I hope that when we come to deal with the rules again we give advance consideration to a form of usage and practice that will enable us to get at these kinds of questions in a more particular way. Although I have asked many questions, I do not want the honourable chairman of the committee to feel that I am criticizing the work of the committee.

Senator Molson: If it is not criticism, I do not know what it is.

Senator McIlraith: I am quite appreciative of the work of the committee, but I do feel the need for more and better explanation and for it to be provided in a better format.

Senator Molson: Honourable senators, I thank my honourable friend for his participation in the debate on this report and the question of our rules. It is helpful, and we

[Senator Flynn.]

all realize that he has had as much experience in the House of Commons as anybody on the Hill. He has had years of experience, and so we listen to his words with great attention. It was my hope that he would come to some of our committee meetings in order to give us the benefit of his wisdom. It would have been more helpful then, perhaps, than now.

I am sorry—in fact, I apologize—if the chamber feels I was wrong in dealing with this report in the way I have. We went into Committee of the Whole on the major revision of the rules in 1969. That is another way of dealing with the matter, but in this case the amendments are so minor that the committee felt the present method was a suitable way to deal with the subject.

I thought that by tabling the report, and having it printed in *Hansard* last Wednesday, every honourable senator would be given adequate time and opportunity to consider it. Certainly, there was no thought that by so doing we would be preventing any questions from being raised. I am sorry if Senator McIlraith feels that by adopting this procedure we have not given every honourable senator a fair chance to express his or her opinion, suggest further amendments, and so on. The whole purpose of tabling the report and having it printed for a week was to give honourable senators a chance to study the amendments, and to make their points of view known when the report was debated. Perhaps this motion for the adoption of the report should have been delayed for two or three weeks. In any event, that is what we were trying to do.

On behalf of the Rules Committee, I am certainly more than willing to agree to any procedure the Senate desires. After all, the Rules Committee does not suggest that it is running the Senate. It is simply making proposals. It has been given certain duties to carry out, and one of them is the reconsideration of some of the rules.

● (1520)

As I said earlier, not one of these suggestions came from within the committee. They have all been made since the last revision of the rules, during nearly three years of discussion, and many of the points in question were the subject of some debate in the chamber. In some cases, they caused considerable disagreement.

I should like to add that according to the rules, if any senator wishes a matter to be considered in Committee of the Whole, that requires no notice. Any senator is at liberty to move that the Senate resolve itself into a Committee of the Whole. We were not in any way preventing this course of action.

I would like now to deal more specifically with Senator McIlraith's points.

Rule 1. As it exists, rule 1, in dealing with rules and usages, has somehow acquired the words "forms and proceedings of the Parliament of Canada". These do not exist. Years ago we used to follow the practices of House of Lords, but we no longer conform to them.

I should like to point out that in all the proceedings of the committee we had the advice of the Clerk of the Senate, the Law Clerk of the Senate, the Acting Law Clerk of the Senate, and the Clerk Assistant of the Senate, so that, in addition to whatever committee members could contribute to the discussion, we had our experienced staff

available for consultation. In fact, a good deal of the research was done during the summer by these gentlemen, acting as a sort of sub-committee or ad hoc committee, for the purpose of advising us in some of these matters.

With regard to the change I have referred to in rule 1, if there were a Senate precedent, obviously it would have been used. It would be a very unusual circumstance if, in either the chamber or a committee, a Senate precedent were ignored and a House of Commons form, usage or precedent adopted. That would be most extraordinary.

The form of rule 1 that we have recommended is as follows:

In all cases not provided for in these rules, the customs, usages, forms and proceedings of either house of the Parliament of Canada shall, so far as practicable, be followed in the Senate or in any committee thereof.

This merely means that if there is no rule or precedent of the Senate that we can follow, we go to the nearest source. In other words, we would not go to the House of Lords or any other place, but to the House of Commons. That would be the normal way of reacting to such a situation.

I believe the next rule that Senator McIlraith mentioned is rule 34A. I am afraid I cannot argue with him as to what it should be. I only know that I have been here 20 years, and when I first came here many of the older senators often expressed themselves on the impropriety of quoting from *House of Commons Debates*. I will not argue with the fact that a bill may be introduced by the parliamentary assistant, or someone like that. That perhaps is an omission. But I have been told over the years—and I think it is the experience of many senators—that the reason for this attitude is to avoid a controversy between the two houses. For this reason, the committee, with the advice I have referred to, felt that this rule would cover the matter in the best possible way. However, I am entirely open to suggestions in this regard. I do not say that the wording is perfect.

Senator McIlraith then raised the distinction between "question" and "matter". In this case I guess he had not seen rule 5, which defines the word "question" clearly. Rule 5.(n) is as follows:

"question" means a proposal presented to the Senate or a committee thereof by the Speaker or chairman for consideration and disposal in some manner.

As Senator Flynn said, "matter" can include "question". A matter is broader than a question.

With regard to rule 46.(f), concerning a motion for the adjournment of the Senate while a matter is under discussion, this gives an opportunity for a motion for adjournment regardless of whether there is a question under discussion and regardless of anything else. The reference is to when a "matter" is under discussion. The proceedings may not have got to the stage where there is a question. A motion to adjourn, according to our understanding, can be made at any time. That is the reason why the word "matter" was substituted there. As a matter of fact, the word "question" has been changed to "matter" repeatedly where it did not conform to the definition in rule 5.

In rule 5 "question" is defined as being a proposal put by the Speaker or the chairman of a committee, and so every-

where, where the meaning did not conform to that definition, we changed it to "matter". That is the fundamental reason for this change. I do not know whether that explanation is understandable or not.

Senator McIlraith: That is the point I wanted clarified, namely, your intention in making that change.

Senator Molson: That was the reason. It was raised by different senators. They brought up the fact that we used this word in a variety of ways to mean completely different things, and so the rule was changed for that purpose.

Rule 56 concerns the principle of a bill. We have amended this rule by adding the word "usually", so that it now reads:

The principle of a bill is usually debated at its second reading.

Incidentally, this wording was in the old rules. The word was taken out on a previous occasion because the argument was put forward that the principle of a bill is always debated on second reading. It did exist in the old rules, and was removed. It was felt that the present rule is too confining in the sense that it means that the principle of a bill has to be debated on second reading; that there is the inference that it has to be debated on second reading only. The word "usually" has, therefore, been reinstated. It was included, I believe, until the time of the 1969 rule changes.

Senator McIlraith: May I ask for further clarification on that point? Was it intended, by reinstating the word "usually" in the rule, to change the practice and have the debate on the principle of the bill at another stage than that of second reading?

Senator Molson: The desire was to establish what the normal procedure of the Senate, historically, has been, what is considered preferable, what is considered best, and what is most practicable, so it was put back. The word "usually" also gives some leeway to a senator if he or she feels, for valid reasons, that the rule should be disregarded. The purpose, however, of reinstating the word is to establish the fact that in the normal course of events a bill gets first reading when it is presented, on second reading the principle of the bill is debated, and on third reading, as you know, it can be amended or further debated.

Rule 67 deals with the referral of questions to committees on motion. If my honourable friend will look at the rules he will see that those establishing the committees make it obligatory that all bills, messages, petitions, inquiries, papers and other matters be referred. This has not been the practice in the past. It is not the practice to refer everything. It is the practice to refer a certain matter only if there is a motion to refer. Otherwise, when you get the papers, messages, petitions and so on, you can have further confusion. Therefore, this requires that these matters be referred, but only if the Senate so directs. It is entirely up to the Senate to decide whether the matter shall be referred or not, but it requires a motion. That is the change here. At the moment it says, "to which shall be referred on motion all bills", but the revised rule says, "if there is a motion to that effect".

● (1530)

Senator Langlois: I do not think we are changing very much there.

Senator Flynn: It is not compulsory.

Senator Langlois: But a motion is necessary under the present wording.

Senator Molson: I am afraid we spent a considerable amount of time on this question in committee, Senator Langlois, and in the end, as a result of our legal advice and so on, it emerged this way. I must say I agree with you that the change is small, but I think it does no harm in that it makes the situation very definite. I think I started my remarks by saying that most of these changes are small.

Senator Flynn: We did not want to force a senator to move the motion.

Senator Molson: I do not think it does any harm, but it does require a specific motion to refer any papers, petitions, messages, inquiries and so on, to a committee. I agree, it is a minor change.

Honourable senators, I do not know if there is any other matter that Senator McIlraith pointed out—

Senator Croll: If there wasn't any other, then I will help you out. I am, of course, concerned about the questions that have been raised, but I am more concerned about rule 67.(1)(f). Here is what I might call a self-starter, in that the committee is "empowered on its own initiative to consider any matter relating to the internal economy of the Senate".

We have no way of knowing what the Committee on Internal Economy, Budgets and Administration is dealing with; whether they report to us and when they report to us is entirely out of our hands. If we pass a motion, then we know that something has been referred and we can follow it up and find out when it is coming back to us. But here the initiative comes from the committee itself, and there may not be any report for months on end. To me that is a new principle.

Senator Flynn: You can always put a question to the chairman of the Internal Economy Committee.

Senator Croll: Yes, I know I can do that. But I am also concerned about the rest of rule 67. Would the chairman of the committee who has just presented this report object very seriously if the matter were put over for a couple of days so that it can be given more thought?

I am also considerably troubled by the point raised on rule 56, because from time immemorial the tradition has been that the subject matter of a bill has always been debated in principle on second reading, and any movement away from that would seem to be something that we ought to avoid if at all possible. I would suggest that the matter be adjourned to give more consideration to these points.

Senator Molson: Are you referring to the inclusion of the word "usually"?

Senator Croll: Yes, "usually" should not be there. The old rule is more in line, I think, with what we have been doing here for years. Is there any urgency about this that precludes the adjournment of the debate for a couple of days?

Senator Molson: Senator Croll, there is absolutely no urgency at all. The question of timing comes into this if you want a new set of rules for the beginning of the next session, because in that case we must decide what those

[Senator Langlois.]

rules are to be not later than November 20. That is the only time constraint. In fact, if we go on for another few months with our present rules, it really will not matter.

Senator Croll: Then you really would not mind if I moved that the debate be adjourned until next Wednesday?

Senator Molson: No, but, if I may, I should like to answer one point about rule 67.(1)(f). As you know, a motion similar to that was adopted during the session previously, and all we are proposing is a specific rule to that effect.

Senator Benidickson: Honourable senators, I have just one or two questions. I anticipate that we are going to adjourn the debate, but I think it is all the more appropriate that I ask a question with respect to our present rule 7. Senator Molson will recall that we have had communications in writing and in other ways about this rule, which I shall read:

Unless otherwise previously ordered, the Senate shall meet for the transaction of business at two o'clock in the afternoon of each sitting day.

I want to ask whether the committee in its recent examination of the rules gave any consideration to this particular rule? Has it had representations about a change here and, if so, what was the consensus of the committee? I think it is appropriate, if we are going to discuss this matter on another day, that this situation be kept in mind. I feel that there is a division of opinion on this subject among the members of the Senate.

The second question I should like to ask Senator Molson is with respect to the proposed new rule 77.(6). That rule is to the effect that a committee should not have a "practice" that is dissimilar to the practice of the Senate itself. It comes to my mind that we had some discussion about the question as to whether a committee, on its own initiative, should permit the televising of its proceedings if the "practice" had not had formal approval in the house. Has that matter been considered by the committee, and has this new rule some relationship to that former discussion?

Senator Molson: That was what really raised the issue. The question was whether committees should conform in every way to the practice of the Senate itself. If the Senate thought that television was a good thing, then the committees could have television. During the discussion of the question in committee, as was the case during the discussion in the chamber itself, the feeling was that if the Senate changed direction, and if we wanted to do something different or to establish new precedents, then it should be the decision of the Senate, taken here in this chamber. There was no question whatever of doubting the responsibility or reliability of a committee chairman or anybody else, but if the Senate wanted to make a change, then it could do so here, in open discussion. That had a great bearing on finding a rule which would keep the actions and procedures of committees on the same general basis as that of the Senate itself.

Senator Croll: I move the adjournment of the debate to Wednesday next.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

THE SENATE

TELEVISION AND RADIO COVERAGE OF HOUSE AND COMMITTEE PROCEEDINGS—DEBATE ADJOURNED

Hon. J. J. Greene rose pursuant to notice:

That he will call the attention of the Senate to the desirability of permitting complete television and radio coverage of the proceedings of the Senate and of the public proceedings of all Senate committees.

He said: Honourable senators, I could not help but think, having heard the very learned discussion on the rules of the Senate today, that it was rather singular and perhaps indicative of the relevance of our proceedings in the Senate generally that the one question which is really relevant to the public at large, namely, whether the electronic media should be admitted to parliamentary proceedings, was mentioned only parenthetically, by way of a question from Senator Benidickson. We dotted all the "i's" and crossed all the "t's", but it seemed to me that we failed to consider that question which is most important to the public at large, namely, whether or not those galleries should be expanded so that all the people of Canada can sit in on our proceedings if they so desire.

● (1540)

It seems to me that the question of bringing in the electronic media is important from two standpoints: first, from that of the right of the public to have the galleries enlarged; and secondly, from that of the relevance of the Senate itself as one of the elements of our constitutional procedure.

On the former score I might point out that our forebears, in constitutional evolution at Westminster, determined, when they were setting up the Houses of Parliament, that there should be a visitors' gallery. In other words, there should be the right of the public to view the proceedings, and participate in them to that degree. We adopted most of the parliamentary procedures in setting up the Canadian Parliament, and instituted the visitors' gallery as part of our paraphernalia of Parliament. There is, of course, a basic difference between the tight little island which evolved our parliamentary procedures and this very large country of ours. Probably Parliament is physically more accessible in the United Kingdom to the vast majority of people than it is in Canada, with our very large land mass. So it may be that our galleries, when we have the technology available, should be enlarged so that they are not only available to those who happen to be physically present in Ottawa, but to all those Canadians who have an interest in our proceedings and wish to view them. We have at our beck and call the technology to make those galleries stretch, as the song says, from Bonavista to Vancouver Island. I suggest that we have possibly been remiss in not extending them when we have the technology to do so.

It might be singular that such an advance was made in what is generally regarded as being the reactionary half of our Parliament. In my opinion, this is one area in which we, who are so often stigmatized as the reactionary half of our Parliament by those who fail to even realize that the Senate is one half of Parliament, should proceed, and, in my opinion, it would be most beneficial for this advance to be made by the Senate. If they in the other place cannot resolve their differences in this area, it might be well for the Senate to give leadership.

Secondly, from the standpoint of the benefit to the Senate itself, many have suggested rule changes as the way to improve the Senate. I think Stanley Baldwin, when he was Prime Minister of England, once said that the barons of the press—and, if memory serves me correctly, they were then Lords North, Rothermere and Beaverbrook—seek power without responsibility, "which has been the prerogative of harlots throughout the ages." With respect, honourable senators, the Senate suffers from the opposite disease: it has responsibility without power. I do not think it is likely that our Constitution will ever be amended to give any form of separation of powers, as exists in most bicameral federal states, so that we will be constitutionally given more power. I think that the only way we can really make the Senate a more meaningful participant in our constitutional processes is by achieving more power. We will achieve more power, not by constitutional amendment and not by the government's limiting its own powers where it controls the popular half of the assembly and distributing some to the Senate, but, in my opinion, by demonstrating to the public at large the quality of the contribution that can be made by an appointive body and the calibre of men who are appointed to that body.

Obviously, we will not accomplish this by way of the reporting press who, from the inception of Canada, have been more inclined to denigrate senatorial contributions and to diminish the Senate than to enhance the contribution it might make. I suggest that we can demonstrate, by enlarging those galleries to the Canadian public, that the Senate is an essential and important aspect of our Constitution. We have that opportunity, if we wish to seize ourselves of it.

I might say that the thought was brought to my mind first by two citizens who take an interest in parliamentary affairs, neither of whom is involved in politics. In referring to two senators, who I am going to take the liberty of naming—Senator Forsey and Senator Grattan O'Leary—on two separate occasions two people said to me, "I saw those men on television and they certainly must make a great contribution." My only regret was that they saw them on television rather than performing their function in the Senate. They would then have known, as we all know, that they do make a great contribution to the parliamentary process. The thought occurred to me then that if the public could see the work that is done here, and the calibre of those who are appointed to the Senate, the Senate might indeed have a very useful power directly by the fact that the public appreciated their contribution.

So I do not think we will achieve a new role and a more meaningful role for the Senate by changing its rules. However, I do believe that we can make a very real new step forward by demonstrating to the public at large the quality and necessity of our contribution.

Apparently, the reprehensible thing in the minds of the press about the Senate is that it is an appointed body. However, in my opinion, the Canadian public at large accept enthusiastically the fact that the judges of our courts are appointed. I do not think the public would want our judges to be elected, I do not think they would want our judges to be appointed for a term, and only re-appointed if they had agreed with the executive policies of the time. In my opinion, the public wants an independent

Bench, one that is independent by reason of its appointive and life-long tenure. By the same token, a contribution can be made to the public weal by an appointed half of the legislative arm, if we can only demonstrate to the public that such is the case.

● (1550)

The public, through the reporting press, have the idea that some of our committees exist to protect the privileged and vested interests. Those of us who sit on those committees know that that is furthest from the truth, that the Canadian public is well served by the committees, in the capacity and experience of the members, which deal with the business of the public and not that of any private interests. If the public could see this as we see it we would have an understanding with the public, who would realize the importance of and the necessity for continuing a body such as the Senate in the legislative process.

I do not have all the answers, or the hows and wherefors. I realize there are technical problems in installing electronic equipment and of disseminating the proceedings. But I would like to bring to the attention of honourable senators, by means of this inquiry, the very important thing that we can do, both for the public and for the Senate, by enlarging those galleries which are electronical-

ly equipped for coast to coast broadcasting, by letting the public judge us for themselves rather than by way of someone else's opinion, as is now the case.

I would suggest, honourable senators, that the Standing Committee on Standing Rules and Orders consider very seriously the question of permitting wide-open television coverage of our proceedings, both in the Senate chamber and in committee. If it is not prepared to do so, I hope that other honourable senators will participate in the debate, in order that I might hear their views.

I did not learn very much in my brief and undistinguished career in the Armed Forces, except never to volunteer, but I am prepared to volunteer as a member of any committee that will seriously consider what is, in my opinion, a vitally important subject concerning the rules of Senate proceedings.

On motion of Senator Croll, debate adjourned.

Senator Perrault: Honourable senators, before moving the adjournment of the Senate, I would draw your attention to the fact that as soon as the house rises the Standing Senate Committee on Health, Welfare and Science will meet in room 356-S to consider Bill C-23, to provide for the payment of superannuation benefits to Lieutenant Governors.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 6, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

IMMIGRATION POLICY

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that messages has been received from the House of Commons to acquaint the Senate that the names of Messrs. Guay (St. Boniface) and Beaudoin had been substituted for those of Messrs. Stollery and Dionne (Kamouraska), that the names of Messrs. Stollery and Lachance had been substituted for those of Misses Nicholson and Bégin, and that the names of Misses Nicholson and Bégin had been substituted for those of Messrs. Stollery and Lachance on the list of members appointed to serve on the Special Joint Committee on Immigration Policy.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Blais had been substituted for that of Mr. Anderson on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

PRIVATE BILL

CONTINENTAL BANK OF CANADA—REPORT OF COMMITTEE
PRESENTED

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, November 6, 1975.

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill S-30, intituled: "An Act to Incorporate Continental Bank of Canada" has, in obedience to the order of reference of Thursday, October 30, 1975, examined the said Bill and now reports the same with the following amendments:

1. Page 3: Strike out lines 38 to 45, inclusive, and substitute therefor the following:

"(a) IAC Limited may, notwithstanding sections 53 and 54 of the Bank Act,

(i) subscribe for shares of the capital stock of the Bank at not less than par value and cause to be

registered in the name of IAC Limited the shares issued pursuant to such subscriptions, and

(ii) exercise, in person or by proxy, the voting rights pertaining to shares of the capital stock of the Bank registered in the name of IAC Limited;"

2. Pages 5 to 7: Strike out lines 17 to 49, inclusive, on page 5, all of page 6 and lines 1 to 31 on page 7 and substitute the following:

"10. (1) IAC Limited and the Bank shall, within ten years after the coming into force of this act,

(a) subject to subsection (2), amalgamate in accordance with the *Canada Corporations Act* or the *Canada Business Corporations Act*, whichever Act applies to IAC Limited at the time of the amalgamation, as if the Bank were a corporation subject to the Act that applies to IAC Limited, or

(b) amalgamate in accordance with sections 100 to 102 of the *Bank Act*, as if IAC Limited were a bank to which that Act applies,

and, subject to subsections (4) to (6), the Bank after the amalgamation is subject in all respects to the Bank Act.

(2) If the *Canada Business Corporations Act* applies to IAC Limited at the time of the amalgamation and if, immediately prior to the amalgamation, IAC Limited owns all of the outstanding shares of the capital stock of the Bank,

(a) subsection 178(1) of that Act applies to an amalgamation under paragraph 1(a), and

(b) the resolutions referred to in paragraph 178(1)(b) of that Act may vary from the requirements set out in that paragraph to the extent necessary to give effect to section 11 of this Act.

(3) Prior to an amalgamation under paragraph (1)(b), the Governor in Council may, by order, prescribe that, notwithstanding subsection 101(2) of the *Bank Act*, the terms of the proposed amalgamation agreement need not be submitted to the shareholders of IAC Limited.

(4) Subject to subsection (6), if, when an amalgamation under subsection (1) takes effect, there is outstanding any indebtedness of IAC Limited, other than the debentures referred to in subsection (5), that is of a kind that the Bank is not permitted to incur under the *Bank Act*, then, notwithstanding the *Bank Act*, any such indebtedness incurred prior to October 28, 1975, remains outstanding after the amalgamation as indebtedness of the Bank and is binding upon and enforceable against the Bank in accordance with its terms, including any terms as to security.

(5) Subject to subsection (6), if

(a) an amalgamation under subsection (1) takes effect prior to July 15, 1984, and

(b) on the day when the amalgamation takes effect there are outstanding any debentures that carry rights of conversion into shares of IAC Limited to be issued on such conversion

then, notwithstanding the *Bank Act*, during the period from the day the amalgamation takes effect until July 15, 1984, the rights of conversion under any of those debentures that were issued prior to October 28, 1975 remain outstanding as rights of conversion into shares of the Bank and shares of the Bank may be validly issued during that period upon the exercise of the rights of conversion except that shares of the Bank may not be so issued to a person from whom a subscription for a share of the capital stock of the Bank could not, by reason of paragraphs 53(4)(a) or (b) or subsection 56(2) of the *Bank Act*, be accepted by the Bank.

(6) Subsections (4) and (5) apply to any indebtedness and any debentures referred to therein only if

(a) the terms thereof do not permit the debtor, at its option, to discharge the indebtedness or the debentures prior to the amalgamation, whether or not the discharge would require payment by the debtor of a premium or bonus; and

(b) the Minister of Finance consents to the application of those subsections to that indebtedness or those debentures upon submission to the Minister made by IAC Limited that it has attempted to arrive at alternative arrangements that would avoid the necessity of relying upon those subsections as to that indebtedness or those debentures.

(7) The submission referred to in paragraph (6)(b) shall be accompanied by an undertaking to discharge the indebtedness at the first date upon which it may be discharged at the option of the debtor, whether or not upon payment of a premium or bonus.

(8) Any indebtedness referred to in subsection (4) and any debentures referred to in subsection (5) that have not met the conditions set out in subsection (6) shall be discharged prior to an amalgamation under subsection (1).

(9) For greater certainty, all of the provisions of the *Canada Corporations Act*, the *Canada Business Corporations Act* or the *Bank Act*, as the case may be, relating to the effects of an amalgamation apply to an amalgamation under subsection (1), except as provided in this section and in section 11.

(10) The Bank may enter into such agreements as may be reasonably necessary to confirm that any indebtedness to which subsection (4) applies remains outstanding after the amalgamation as indebtedness of the Bank, and that any debentures to which subsection (5) applies are convertible after the amalgamation into shares of the Bank to be issued on such conversion."

3. Page 7: Strike out lines 32 to 35, inclusive, and substitute therefor the following:

[Senator Hayden.]

"The Bank shall be the continuing corporation resulting from the amalgamation of the Bank and IAC Limited referred to in subsection 10(1) so that,"

4. Page 7: Strike out lines 41 and 42 and substitute therefor the following:

"mence business when the Bank was originally permitted under that section to commence business."

5. Page 8: Strike out lines 16 to 22, inclusive, and substitute therefor the following:

"Act apply to IAC Limited and sections 38 to 56 of the *Bank Act* apply to the shares of IAC Limited, and"

6. Page 10: Strike out lines 20 to 27, inclusive, and substitute therefor the following:

"15. (1) During the period commencing on the day this Act comes into force and ending on the expiration of two years next following that day or on the day on which an amalgamation under subsection 10(1) takes effect, whichever occurs first, a person referred to in subsection 2(1) is not ineligible, notwithstanding paragraph 18(5)(b) and subsection 18(6) of the *Bank Act*, to be elected or appointed a director of IAC Limited by reason of his being a director of a bank, or of a bank to which the *Quebec Savings Banks Act* applies or of any company referred to in subsection 18(6) of the *Bank Act*, but no person who, but for this subsection, would be ineligible for election or appointment as a director of IAC Limited may hold in IAC Limited any of the offices referred to in section 21 of the *Bank Act* or continue after the expiry of that period to be a director of IAC Limited."

7. Page 11: Strike out line 38 and substitute therefor the following:

"is a subsidiary of IAC Limited (any such corporation being hereinafter in this section and in sections 17 to 19 called a "restricted corporation"), to carry on"

8. Pages 12 and 13: Strike out lines 22 to 43, inclusive, on page 12 and lines 1 to 17, inclusive, on page 13 and substitute therefor the following:

(a) IAC Limited may acquire, and may permit any restricted corporation to acquire,

(i) assets from the Bank previously acquired by the Bank as permitted by the *Bank Act* (such assets and other assets which the Bank is permitted to acquire under the *Bank Act* being hereinafter in this section called "eligible assets"), and

(ii) eligible assets from IAC Limited or any restricted corporation,

but the prior consent of the Inspector General of Banks shall be required for the acquisition of any eligible assets that consists of shares in the capital stock of a corporation, other than a corporation that is a subsidiary of IAC Limited when this Act comes into force;

(b) IAC Limited may acquire, and may permit any restricted corporation to acquire, assets for the purpose of leasing such assets to its customers, and IAC Limited may enter into leases of any such assets and

may permit any restricted corporation to enter into leases of any such assets, and

(c) IAC Limited may lend money or make advances, and may permit any restricted corporation to lend money or make advances, upon the security of real or immovable property in Canada or of an equity of redemption therein or of an assignment of or mortgage on the interest of a lessee thereof where such loans or advances would not be permissible for the Bank by reason of the restrictions contained in subsections 75(3) or 75(4) of the *Bank Act* (the said loans and advances, and leases of assets referred to in paragraph (b), being hereinafter in this section referred to as "non-eligible assets"); and

(d) IAC Limited may acquire, and may permit any restricted corporation to acquire, non-eligible assets from any other of those corporations.

9. *Page 13:* Strike out lines 22 to 25, inclusive, and substitute therefor the following:

"assets held by IAC Limited and every restricted corporation be in excess of the aggregate value,"

10. *Page 13:* Strike out lines 33 to 36, inclusive, and substitute therefor the following:

"gible assets held by IAC Limited and every restricted corporation, excluding those non-eli-"

11. *Page 14:* Strike out lines 23 to 25, inclusive, and substitute therefor the following:

"by IAC Limited or any restricted corporation, in any other of those"

12. *Page 14:* Strike out lines 35 to 37, inclusive, and substitute therefor the following:

"IAC Limited or any restricted corporation is under no obligation to"

13. *Page 14:* Strike out lines 42 to 45, inclusive, and substitute therefor the following:

"If the Bank or IAC Limited or a director of the Bank or IAC Limited is, in the opinion of the Minister of Finance, in contravention of any requirement of section 8, 9, 12"

14. *Page 15:* Strike out lines 27 to 29, inclusive, and substitute therefor the following:

"tion 15(1) of the *Bank Act*, the provisions of this Act that affect or restrict IAC Limited, the subsidiaries of IAC Limited or the shares of IAC Limited shall cease to have effect, except that subparagraph 7(4)(a)(ii) and paragraphs 7(4)(b) and (c) shall remain in effect for purposes of giving effect to subsections 15(2) to (9) of the *Bank Act*."

Respectfully submitted,

Salter A. Hayden,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Hayden: Honourable senators, I move that the report be taken into consideration now.

Senator Benidickson: Is there leave requested to bridge the rules?

Senator Hayden: I so move with leave.

The Hon. the Speaker: The house has heard the motion, which cannot be put without unanimous consent. Is there unanimous consent?

Senator Benidickson: No.

Senator Hayden moved that the report be taken into consideration at the next sitting.

Motion agreed to.

LIEUTENANT GOVERNORS SUPERANNUATION BILL

REPORT OF COMMITTEE ADOPTED

Senator Carter, Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Wednesday, November 5, 1975.

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill C-23 intituled: "An Act to provide for the payment of superannuation benefits to Lieutenant Governors" has, in obedience to the order of reference of Thursday, October 30, 1975, examined the said Bill and now reports the same without amendment.

Your committee, however, considers it important that the following observations be made:

The bill models the pensions for Lieutenant Governors on the pattern selected for term appointments in the diplomatic service. The committee felt that in view of the similarity of office and duties, legislation providing pensions for Lieutenant Governors should be patterned on the legislation providing a pension for the Governor General.

The committee felt that the bill should be made applicable to former Lieutenant Governors or at least to those in office when Bill C-23 was tabled in October 1974. Since then one Lieutenant Governor has died and his widow is not provided for.

Lieutenant Governors, who formerly were Members of Parliament, would not receive their pensions as such until Bill C-52 becomes law. This creates an unfair situation.

Your committee was of the opinion that it would have been more just and equitable to base the pensions of Lieutenant Governors on their present salaries rather than on the five-year average.

Your committee considered that it did not have authority to amend the Bill being reported on. However, your committee considered that these matters should be called to the attention of the Senate.

Your committee therefore recommends that the Government or the appropriate ministry consider the advisability of reviewing this legislation in order to remedy these defects at the earliest possible date.

Respectfully submitted.

Chesley W. Carter,
Chairman

• (1410)

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Bourget: With leave of the Senate, I move that the bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Flynn: It is so far as we are concerned, because no amendment is being made to the bill. The report simply makes certain recommendations for amendments in the future, and we find no difficulty in giving leave under those circumstances.

Senator Bourget: Thank you.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Wednesday next, November 12, 1975, at 8 o'clock in the evening.

Honourable senators, before the question is put, I should like to make the usual statement in regard to our work for the next week. In moving that the Senate come back next week on Wednesday evening at 8 o'clock, I have taken into consideration that Bill C-2, the Combines Investigation Act, is still being studied by the Standing Senate Committee on Banking, Trade and Commerce, and that Bill C-65, to amend the statute law relating to income tax, (No. 2), is expected to pass the House of Commons on Friday of this week and come to the Senate. As there is some urgency about both those bills, it is felt that the Senate must be here next week.

In addition to the foregoing and the items now on the Order Paper, we may receive one or two other bills by Wednesday.

I should also mention at this time the committee meetings scheduled for next week. On Thursday, the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. on Bill C-2, and again in the afternoon of that day. Also at 9.30 a.m. there will be meetings of the Special Joint Committee on Employer-Employee Relations in the Public Service and the Joint Committee on Regulations and other Statutory Instruments. The Special Committee on the Clerestory of the Senate Chamber has arranged a meeting for 10 a.m. on Thursday. The Standing Senate Committee on Banking, Trade and Commerce has scheduled a meeting on Friday morning at 9.30 to continue its consideration of Bill C-2.

Senator Rowe: Honourable senators, I have been trying to follow the deputy leader, but I am not clear about one point. I am sure my honourable colleague will appreciate our concern in this matter. As the fall goes on, it becomes increasingly difficult to make plane reservations, and we have to plan ahead. Is it possible that the Senate will meet on Friday of next week?

Senator Langlois: No decision has been made, but it is a possibility. It will depend upon the workload which could come from the other place in the meantime.

Motion agreed to.

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS— QUESTION

Senator Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate. In view of the fact that the inside postal workers who are on strike have been paid for the last two weeks, would the government consider also paying the letter carriers and those who have been laid off in private industry for the last two weeks, or is it necessary for them to go on strike in order to be paid?

Secondly, were the inside postal workers paid at the existing rate, or were they paid at the rate recommended by the conciliator, Mr. Justice Jean Moisan?

Senator Perrault: Honourable senators, I believe that the question posed by Senator Phillips has its basis in a news report which appeared in a well-known publication this morning. May I say that the fact that the inside workers have, in effect, been paid in advance for a short period of time during which they are not working is due to the technical conditions under which cheques are issued by the Department of Supply and Services; but there is no net imposition on the Canadian taxpayer in that ultimately, when a return to work is effected, they will not be paid for any work not done, and the next cheques will reflect the fact that they have, in effect, been paid in advance for a short period of time.

May I say, in connection with this labour dispute, that I must regretfully inform the Senate that the postal talks have now been broken off. We hope to have further information this afternoon with respect to the position of the government. I can report that the matter of wages was the sole outstanding issue on the table at the time of breaking off the talks, but no agreement could be achieved on that important economic matter.

There were reports just a few moments ago that although the union leaders apparently reject the wage offer put forward by the minister responsible for postal services, they have agreed to place the latest offer before the union membership for a vote. I hope to be able to report more fully later today on this subject.

Senator Flynn: When would the vote take place?

Senator Perrault: This is a relevant question. We have no information at this time, beyond what I have given, and we will certainly attempt to obtain the information the honourable senator has asked for.

Senator Flynn: If I understand the answer of the Leader of the Government correctly, the giving of these cheques to the inside postal workers was due to the system. But would he not agree that it was a mistake nevertheless, and would he not agree also that that kind of mistake is rather helpful to anyone who wants to go on strike?

Senator Perrault: I have been informed that the amount is really not large in relation to the totals in the cheques

issued and, further, that it was not due to a mistake by the Department of Supply and Services. The computers are set up to issue cheques on a ten-day pay period basis, and in fact it would have cost the taxpayer a substantial amount to break out of that ten-day pay cheque the actual hours worked during the period in question. For reasons of economy, therefore, as much as anything else, the department, conscious of the guidelines which have been brought into effect to fight inflation, felt that this was the most common-sense approach to the problem.

• (1420)

Senator Flynn: It was deliberate.

Senator Phillips: If it is impossible, honourable senators, to break the computer system to avoid paying the strikers, what is the system being followed in paying the letter carriers and other postal employees who have been laid off as a result of this strike?

Senator Perrault: I can only take that question as notice. I do not have the information now. I shall attempt to get it in the course of this afternoon and report as quickly as I can, and if at all possible within the next hour. [Later:]

Honourable senators, I should like to bring to your attention the latest information with respect to the question posed earlier by Senator Phillips. I have been advised that the letter carriers have been paid everything owed to them to the day they were laid off. Of course, there has been no further work performed since that time, so no other payments have been forthcoming. A policy decision was made, that they should not be paid for work not done.

As far as the inside workers are concerned, as I said previously, any slight overpayment to them will be collected back at the end of the strike. The payment which they have received includes amounts representing payment for work done and also for work not done. However, the overpayments will be collected back at the end of the strike, and we hope that a settlement will come very shortly. Certainly, it is in the public interest to have this whole matter resolved.

The minister responsible for the Post Office, I understand, has stated in the other place that union leaders have been urged to take the complete package back to the members, to have them discuss it and vote on it. A later report, yet to be confirmed, is to the effect that a decision has been made to have a vote take place among the union membership. I hope, as do we all, that this issue will be resolved very very shortly.

PAROLE

CONSIDERATION OF CHANGES IN PRESENT SYSTEM— QUESTION

Senator Molson: Honourable senators, may I ask the Leader of the Government if the government has under way or in contemplation any steps to control the present use of parole? I am alluding, for example, to the latest shoot-out in Montreal where one man was killed by a policeman, and three others were subsequently arrested. They had just committed a kidnapping, a crime becoming all too common, as we know, and apparently all four men were on parole. I am going by what has been published in

the press. Time and again in recent years criminals have committed crimes while on parole or on weekend leave or something of that nature. I know the matter is under consideration generally at the moment, but I wonder if anything concrete is being considered?

Senator Perrault: I want to assure the honourable senator that the government is very conscious of the need to fight crime all across this country, and the cost of fighting crime will not be brought within the economic guidelines announced by the Right Honourable the Prime Minister last Thanksgiving. Indeed, there will be an increase in government expenditures in this program. The particulars of what we believe will be a strong anti-crime program will be made known shortly.

I want to assure the house that the subject of parole is under detailed consideration by the government, and we hope to have legislation before both houses shortly. At that time the views of all senators will be earnestly sought to help correct any weaknesses in the present program.

Senator Forsey: May I ask a supplementary question of the Leader of the Government? Does his assurance about the parole system apply also to the system of temporary passes? I was informed not very long ago that when that system was originally set up, it was very much on a compassionate basis. If a man's mother was dying or his uncle was dying or something of that nature, then he was allowed out for two or three days to go to the funeral or to see the person who was about to expire, or whatever the case might be. But at a certain time a change was made in the system and these passes became virtually automatic and were handed out on a continuing basis. Now my informant ought to have known what he was talking about and perhaps I have been misinformed, but I should like to have some assurance in the matter of these passes to which the Honourable Senator Molson alluded as well as the parole question, because it seems to me that the passes are the worst part of the thing.

Senator Perrault: Day passes, parole, incarceration, perhaps capital punishment—all of these issues, I feel confident, will shortly be before Parliament and it is hoped that both houses will be given a full opportunity to discuss all of them.

ENVIRONMENTAL CONTAMINANTS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Alan A. Macnaughton moved second reading of Bill C-25, to protect human health and the environment from substances that contaminate the environment.

He said: Honourable senators, the shortest and best description of this bill is contained in the title, which is "An Act to protect human health and the environment from substances that contaminate the environment." The bill in essence addresses itself to an urgent pollution problem, the contamination of the environment by chemical substances. The bill, to understand it easily, can be divided into five major parts: First, the gathering and the disclosure of information on hazardous and potentially hazardous chemicals, which is contained in clauses 3 to 5, inclusive, of the bill; second, the establishment of an Environmental Contaminants Board of Review, which is

outlined in clause 6; third, the setting up of a schedule of substances affected by this legislation, to be found in clause 7; fourth, the specifying of offences and the enforcement procedures, contained in clauses 8 to 17 inclusive; and fifth, the making of regulations under the legislation, which is contained in clauses 18 and following.

Man and all other organisms exist in a milieu which consists of many chemical substances. Nature has provided each organism with the ability to adapt to a particular range of chemical compositions and conditions of its environment. All of these organisms are subject to slight variations in the conditions around them.

Prior to 1972, the government's environmental concerns were water, air and land pollution. For example, this included smokestack emissions, effluents from plants and collections of garbage. The industrial processes and the chemicals used in them came under scrutiny. Many advances in industry have enriched our lives, but the other side of the coin is the hard fact of chemical contamination. In today's world, many chemical substances are released, accidentally or deliberately, by man. These substances may contaminate the environment. The contamination may be due to the introduction of new substances, or to a perceptible change in the amount of some substances occurring in nature. The problem that arises is that the natural environment cannot always assimilate this extra burden. We may, then, have gross pollution, or what has been defined as an environmental insult. What is even more insidious, and may occur, is a delayed action effect that could cause serious dislocations in the balance of nature.

These foregoing considerations prompted the drafting of Bill C-25, which has two major thrusts. One is to empower the government to collect information on potentially harmful chemical substances in order to assess the danger they may represent. The second is to give the government the power to control the chemical substances by regulating a number of commercial activities where a threat to human health or environment is apprehended.

● (1430)

The bill was drafted after a series of consultations with representatives of provincial governments and industry, and does not place all the control burden on the federal government.

For example, clause 5 provides for federal consultation with a province or provinces affected by the danger of chemical contamination. Such consultation would be for the purpose of determining whether the perceived danger would be eliminated by action under other legislation. If it would not, the federal government has recourse to this, the environmental contaminants legislation. In effect, if a province can, and chooses to, eliminate a danger, the federal government will not need to act under this measure.

Honourable senators will note that clause 4 deals with a disclosure scheme whereby industry must report production information, test certain products for safety, and inform the government of any evidence of potential danger.

The schedule mentioned in clause 7 is a list of chemical substances, or classes of substances, that will be subject to regulations to be made under this bill.

[Senator Macnaughton.]

In effect, this legislation is another signal that we in Canada are moving out of the problem-solving phase into a continuing mode of problem prevention. Whether we look at it from the point of view of an ecologist or an accountant, this makes sense. It is less expensive to stop the use of contaminants than to catch them afterwards in either the effluent or the smokestack. The government solicits, and expects, one hundred per cent cooperation from industry. However, in the event of non-compliance, penalties are prescribed in the legislation, and they are to be found in clause 8.

The struggle against pollution has two major facets—preventing and rolling back, and cleaning up. Bill C-25 represents a strong move in the field of prevention and, as such, merits our earnest consideration.

Senator Flynn: Honourable senators, I move the adjournment of the debate on behalf of Senator Quart who, by the way, will celebrate her birthday next Saturday. I shall not say which birthday, because no one would believe me.

I shall leave to the one who will reply to Senator Macnaughton the opportunity to extend the usual praise for his presentation of the bill. I merely wish to note that he has spoken for the first time from his new place in the chamber, and that he is getting closer to the Chair.

Senator Macnaughton: Or to the exit.

On motion of Senator Flynn, for Senator Quart, debate adjourned.

PRIVATE BILL

EASTERN CANADA SAVINGS AND LOAN COMPANY AND CENTRAL & NOVA SCOTIA TRUST COMPANY—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-29, to enable the Eastern Canada Savings and Loan Company and Central & Nova Scotia Trust Company to amalgamate, which was presented yesterday.

Hon. Salter A. Hayden moved that the report be adopted.

He said: Honourable senators, the five amendments relate to the same subject matter, and the purpose of each is to state correctly the name of the Eastern Canada Savings and Loan Company in the French text.

Due to some oversight, when this act originally came into force—about 1887, I believe—there was both a French and an English name. In 1914 the French name was converted into what you might call an English name, so the same name existed in French and in English. When it came to the drafting of this bill, apparently the amendment of 1914 was overlooked and the name used in the French text of the bill was the original name of the company when incorporated.

These five amendments all deal with various clauses of the bill in the French text where the original name is stated, whereas it should be the name of the company at this time, and the purpose of these amendments is to make that correction.

Motion agreed to and report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Barrow: With leave of the Senate, and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

Senator Flynn: Honourable senators, I have no objection to third reading now. The amendments are purely of a technical nature. Had the report been without amendment, there is no doubt that unanimous consent would have been given for third reading today, and because the amendments are of a technical nature only I see no reason why unanimous consent cannot be given.

Motion agreed to and bill read third time and passed.

THE CANADIAN ECONOMY

ATTACK ON INFLATION—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the White Paper entitled: "Attack on Inflation—a program of national action," together with a booklet giving the highlights of the Government's anti-inflation program, both dated October 14, 1975, tabled in the Senate on Tuesday, October 21, 1975.—*(Honourable Senator Petten).*

Senator Petten: Honourable senators, I wish to yield to Senator Stanbury.

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Stanbury proceed instead of Senator Petten?

Hon. Senators: Agreed.

Hon. Richard J. Stanbury: Honourable senators, let me, first of all, take advantage of this opportunity to congratulate Senator Smith (Colchester) and Senator Austin on their appointment to the Senate. I should really be congratulating the Senate on their appointment.

Senator Smith (Colchester) has had a distinguished career in the service of his province and of Canada, leading to his election as Premier of Nova Scotia, and now to his appointment to the Senate of Canada. He will add stature to this chamber.

Senator Austin is a man I have known for many years. He has great energy, and a vast knowledge of the natural resources of Canada and the workings of government. I have no doubt at all that his abilities will add greatly to the deliberations of this chamber on the matters which come before it.

I hasten to welcome each of these honourable gentlemen personally, although belatedly.

I also congratulate those who have preceded me in this debate. All of the speeches I have heard and read have been not only incisive but intriguing, although one or two things that have been said are a little hard to swallow. By that I do not mean they are unbelievable. I am referring to matters such as Senator Forsey's prescription of frozen salaries. That may be a difficult pill for us and for senior public servants to swallow. I suspect it results from a pretty accurate diagnosis of the nature of our society,

because each of us wants someone else to take a good dose of anti-inflation medicine but we are not particularly anxious to take a dose ourselves.

● (1440)

As the Honourable Bryce Mackasey said to the Empire Club of Toronto:

Our system has given us all we need to solve our essential problems—organization, know-how, technology and materials—yet we can't get a consensus on such needs as saving energy, controlling pollution or licking inflation. It seems that fate put the materials of happiness into our hands just to see how miserable we can make ourselves.

It is time that each of us withdrew to a quiet corner to examine our own consciences, and try to remember the last time we gave up something we really wanted, and the last time we thought about how our actions would affect society.

I have no hesitation in supporting the anti-inflation program of the government. The secret of its success, however, will lie in the determination of Canadians to work together to deal with one of the most difficult economic dilemmas of our time.

Traditional economic policies are not just useless in the present circumstances; they are counter-productive. "To get rid of unemployment we need tax cuts, increased money supply, increased government spending and easy credit," say the old rules. But to pour that kind of purchasing power into a shortage-plagued economy just sends more dollars chasing after the same amount of goods, and the poor, the old, the disabled, the unorganized—all those who cannot look after themselves—are trampled in the chase. It does not even produce more jobs. The shortage of jobs exists partly because labour costs remain high, regardless of how much unemployment there is, and partly because of shortages of essential materials, and prices which are inflated by either demand or monopolistic control over supply.

All right, let's not worry about jobs if we can't fix them anyway. Let's fight inflation! Traditional economic policies again fail. The Keynesian economists say we should raise taxes, cut the money supply, restrain government spending and tighten up credit. "That," they say, "will knock inflation out of the economy." The trouble is that as shortages and high prices of essential materials and labour, unaffected by fiscal and monetary policy, continue, all you do is knock out of the economy everything except inflation. So, the whole economy comes to rest and stagnates at an even lower level than before, with higher unemployment, greater loss of productivity, and no way in the world of starting the upward cycle again.

Mind you, while I support the controls, I believe that these controls will only give us time within which we must make a concerted effort to overcome the shortages and monopolistic conditions which drove us into this terrible dilemma in the first place. Massive programs of energy development and energy savings must be promoted. We must seek out the means of overcoming other shortages which are stunting our industry, and both domestically and internationally we must work to break down or at least harness the monopolies which strangle us.

Much of business is so highly integrated now that it never has to contemplate a price reduction, except as a matter of self-serving policy. Much of labour is so highly organized now that it never has to contemplate reduced wages. Nothing ever comes down in response to what used to be called natural economic forces. The power of these two sectors has become so firmly established that only government can intervene through legislation to protect the rest of society from its rampages.

It should be possible to persuade labour that its present practice of continually demanding more and more dollars, which promptly become worth less and less, is a fool's errand. What they really seek is a bigger slice of the total economic pie. They should say so and bargain for it honestly, politically and democratically, instead of using the bludgeon of threatened economic disaster and social chaos. Through tax reform, the reform of social legislation and increased bargaining rights they have already made great gains. Governments should be responsive to their needs, but governments must also legislate against that kind of blackmail.

We have just begun our study of the impact of big business on society in Canada. We will soon have the competition bill, which will bring back into operation a little of what we used to call normal market forces, domestically at least. But there are great areas of the economy of Canada where bigness is essential, and government will have to legislate, in terms of social responsibility, the price to be paid for the privilege of bigness.

Where there are genuine shortages or inflated prices held up by forces beyond our control, we will have to be weaned away from those costly materials by government subsidization of the non-use of them and the development of alternatives to them, rather than subsidizing their use as we have been doing with wheat and oil.

If the problem lies outside our borders, we will have to develop trade strategies to protect us against exploitation, but at the same time we will have to work towards freer trade and toward a solution of Third World problems. We must find ways of relieving the tensions now building up in the world because of new types of restrictive trade practices and unilateral price fixing.

Domestic savings must be encouraged both to cool inflation and to provide a pool of domestic capital that will permit us to avoid shortages of capital for the huge expansion ahead of us. We must persuade others throughout the world that they can safely place large quantities of debt capital with us, and that we still need equity capital for joint ventures and other equity interests where significant benefits are bestowed on all parties. Canadian businessmen must get out into the world with the news that Canada is taking action to restrain inflation, is not pricing itself out of the market, and that the expertise of our labour, the quality of our technology, the entrepreneurial ability of our management and the availability of our materials are second to none in the world.

Of course, it is not just shortages and monopolistic action that cause our problems. We have been building up to this psychologically for 25 years. When I was chairman of the North York Library Board back in the fifties, there were annual demands from the unionized staff for a 6 per cent raise. In those days, the annual cost of living increase

was about 2 per cent. I remember saying, "What justifies a raise? You're doing the same work as last year. You haven't saved the public any money by finding ways in which each of you will do more work or do it more effectively." The question was never answered directly. They simply said, "Well, the teachers are getting it," or "The staff at the municipal offices are getting it." And they were right. It had just sort of become the fashion for everybody to get a raise every year. There was no merit or accomplishment required. All you had to do was to survive, come to work reasonably regularly, and avoid being fired.

I do not want to tag labour with all the blame. At the same time real estate developers were doubling their money without even closing the purchase deal; someone was making a fortune selling hula hoops, and Bobby Hull was offered \$1 million for three years' service by the Chicago Black Hawks.

We all thought we were dancing down a never-ending garden path to a pretty tune. It was unthinkable that we would ever have to pay the piper. But we were wrong. The piper is at the door waiting for his pay, and we can only pay him if each of us chips in. Of course, there are those who say: "Don't pay him. Let's run away, or shoot him, or tie him hand and foot and toss him in the river." But, honourable senators, the piper is democracy, and if we run away from him or destroy him each of us will rue the day.

• (1450)

We have developed the most peculiar view of democracy. The idea seems to be abroad that democracy means that each person or group can do his own thing, make his or its own decision as to whether or not to abide by the rules of society. A few posturing Napoleons of the labour business—and at that level it is a well-paid business—are even inciting their membership to break the law. That is not democracy; it is anarchy. We had better grow up and understand that if ever we are going to mould this great, sprawling giant of a Canada into a society of which we can be proud, and for which the world will have respect, we will have to be democrats—elect our representatives, freely discuss the issues, find a general consensus and then abide by the decision, like it or not, for the good of all. We have a great future awaiting, after we resolve our juvenile fractiousness.

All right then, what can we do? We can take the leadership that our government proffers us. Even if we do not like the idea of controls—the government obviously does not like it either—we have to summon up whatever concern we have for each other and for our society to work together to deal with a crisis for which the traditional economic tools hold no solution.

Surely, we can accept that our eleven democratically elected governments across the country, representing every organized political party, having endorsed the program and pledged their cooperation, have done so in good faith and in the belief that it is at least a partial answer to our problem. Surely, we can look at the outstanding Canadians, the members of the anti-inflation board, who have accepted the task of making the program work, and believe that to the best of their ability the rules will be applied without fear or favour. Surely, we can listen to the massive concern of the Canadian people and know that

they intend to make this program work—that they know something has to be made to work.

If you of labour or you of business defy the rest of us, whether with loud voices or with silent cynicism, if you tell us you do not trust us to be fair, then you insult the Canadian people and can expect to be defied and distrusted by them in turn.

Honourable senators, there will always be a few who will abuse our freedom. I do not believe there will be many. Let us proceed with determination.

On motion of Senator Petten, for Senator Desruisseaux, debate adjourned.

IMMIGRATION POLICY

THIRD REPORT OF SPECIAL JOINT COMMITTEE TABLED AND PRINTED AS APPENDIX

Senator Godfrey: Honourable senators, on behalf of Senator Riel, Joint Chairman of the Special Joint Committee of the Senate and House of Commons on Immigration Policy, I table the committee's third and final report, and ask that it be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is there unanimous consent?

Hon. Senators: Agreed.

(For text of report see appendix, p. 1376.)

The Senate adjourned until Wednesday, November 12, 1975, at 8 p.m.

APPENDIX

(See p. 1375)

IMMIGRATION POLICY

THIRD REPORT OF SPECIAL JOINT COMMITTEE

1. The Special Joint Committee of the Senate and the House of Commons on Immigration Policy has the honour to present its

THIRD REPORT

2. Pursuant to its Order of Reference of the House of Commons of Monday, March 3, 1975 and of the Senate of Wednesday, March 5, 1975, the Committee has heard evidence on and has considered Canadian immigration policy.

3. The Committee has interpreted its mandate as being to facilitate and give focus to a national debate on future immigration to Canada. Empowered by its terms of reference "to invite the views of the public" on the issues raised in the Green Paper on Immigration tabled by the Government in February, the Committee held public hearings in Ottawa and across Canada. Submissions of briefs and comments by individuals and organizations were received at the hearings and by mail.

4. In its 35 weeks of operation, the Committee held nearly 50 public hearings in 21 cities in each of Canada's five regions and in the Northwest Territories. More than 400 witnesses presented submissions at these meetings. In addition, the Committee received more than 1,200 letters and briefs from individuals and more than 200 briefs from organizations that did not appear at the hearings. In all, more than 1,800 individuals and organizations submitted their views. A detailed analysis of the views and concerns of the witnesses and the authors of briefs and letters has been prepared and is attached as Appendix A. Among those contributing to the debate were the Minister and officials of the Department of Manpower and Immigration; organizations with a special interest in immigration; academic and non-academic experts including many groups and individuals qualified to speak with authority on immigration law; and many members of the public concerned about issues bearing on immigration policy. The Committee also benefited from meetings and consultations with representatives of some provincial governments.

5. As a supplement to the hearings, groups of members of the Committee paid inspection visits to immigration reception and processing centres in Toronto, Montreal, Vancouver, Fort Erie, Winnipeg, and London, England. Some members visited Washington, D.C., to consult with American officials and to examine United States policy at first hand.

6. The appointment of the Committee was greeted by a surge of public response. Many concerned organizations indicated their wish to participate in the hearings, while objecting that the initial deadline of 31 July set by Parliament for the Committee's report allowed too little time to prepare submissions. The Committee itself felt that, in view of the numbers wishing to present briefs, it needed more time properly to complete its task. At the Committee's request, Parliament granted a three-month extension to October 31 for presentation of the Committee's report.

This made it possible to extend to September 15 the deadline for submitting briefs. While most organizations found it possible to meet this date, briefs received subsequently have been examined. At the last moment, the Committee found it necessary to request a further extension of two weeks to allow for translation and printing of this Report.

7. How representative were the views gathered by the Committee? How effective was the Committee's method of probing public attitudes by holding public meetings across the country? True, some meetings were packed by noisy representatives of extremist organizations with small memberships who often tried to prevent the expression of opinions different from their own. But on no occasion did these groups fully succeed. Even at the rowdiest meetings, the Committee learned about new problems and heard fresh points of view. Moreover, every public meeting provoked a fresh flow of submissions by mail.

8. In view of the volume and comprehensiveness of the responses received, oral and written, the Committee feels confident that it has had ample opportunity to consider carefully the full range of national views on each aspect of immigration policy. Every view had an advocate. The great public concern, the news coverage of hearings and the Committee's paid advertising combined to ensure that many of the Committee's public meetings were well attended. Coping with too many, rather than too few, speakers for the time allowed was a major problem.

9. On balance, the Committee is satisfied with the method it used to sound out public opinion and believes it offered these important advantages:

—it made the Committee aware of the differing regional approaches to immigration across Canada;

—it permitted the Committee to move beyond the conceptual and geographic frameworks of Ottawa and to become exposed to views it might not otherwise have encountered; and

—it provided Committee members and the Canadian public an opportunity for dialogue and open discussion of an important policy issue.

However, some members of the Committee felt that the method had the disadvantage that it elicited the views of unrepresentative and overly emotional individuals.

10. This report will indicate the Committee's reaction to the range of information and opinion it encountered in the course of this dialogue. As will be evident, the issues raised by the Government's Green Paper on Immigration Policy and the data it provided often formed the basis for the national debate in which the Committee engaged. The report, however, reflects much more than the Committee's consideration of the Green Paper. It seeks to identify the areas of broad concern that emerged from its interaction with the public and from other investigations; to express the Committee's views on most of these issues; to make recommendations regarding the retention or modification of specific immigration policies or procedures; and finally

to suggest broad guidelines for a future immigration policy for Canada.

Canada Needs Immigrants

11. The Committee is of the opinion that Canada should continue to be a country of immigration. In reaching this central conclusion Committee members were particularly impressed by demographic and economic arguments, as well as by the need to take account of family and humanitarian considerations for reasons specified elsewhere.

Demographic factors

12. Owing to the spectacular decline in the Canadian fertility rate since 1960, immigration is becoming an increasingly important component of population growth. In 1974 Canada's population of 22.3 million grew by 348,000, of which one-half was due to immigration as illustrated in chart 1. (See Appendix B.) The situation of immigration accounting for a large part of population growth is one which Canadians have not experienced since the 1920's. This trend is likely to continue. The Committee was impressed by evidence that even if the decline in the fertility rate were to cease and the current fertility rate of 1.8 births per woman were to be projected into the future, Canada would require *net* immigration of more than 50,000 a year to prevent a decline in total population after the year 2000. Chart 2 illustrates the implications of various levels of net immigration. (See Appendix B.)

13. It should be noted, moreover, that these are net figures which take account of estimated emigration from Canada. Statistics on annual emigration do not exist and present procedures do not allow for the compilation of reliable figures. However, well-informed estimates suggest that emigration may amount to about one-third of the gross numbers of immigrants, so that it would be reasonable to add 50 per cent to the net figures in chart 2 to transfer them into gross immigration figures. On the basis of this calculation, an annual rate of 75,000 immigrants would be needed at current fertility rates to maintain a population level of 28 million during the first half of the 21st century. Even at this figure the population could be expected to decline by two million by the year 2071. If it were desired to have a stable population throughout the next century, it would be necessary to have a gross rate of immigration of 150,000 a year.

14. The Committee recognizes that these figures involve several assumptions and that the situation could vary considerably over time. But they do reveal the long lead time required if population trends are to be modified. Since the Committee believes that a country as large and thinly populated as Canada cannot afford a declining population, it concludes that Canada must continue to welcome a minimum of 100,000 immigrants a year as long as present fertility rates prevail. The Committee was divided on whether or not to suggest an upper limit either as a figure or as a percentage of the Canadian population. But there was agreement that the Government, when formulating a target each year as called for later in this report, should not treat the minimum figure of 100,000 as an upper limit.

15. The Committee rejected the view contained in some submissions that Canada should close its doors to immi-

grants. Equally, it concluded that in an age of vastly increased mobility Canada could not afford to have an "open door" policy, and would have to maintain controls over the total number of immigrants coming each year to Canada. The Committee's preference is for a policy of moderation between these two extremes.

16. In the exercise of such a policy the Committee agrees with the Government of Newfoundland which argued that "*in this time of increasing world populations, rapidly depleting resources and economic uncertainty, ... (immigration) must be brought under control and rationally directed ... to best serve the interests of Canadians*" (30:80). To do this properly, account should be taken of long term needs as well as short term pressures. The Committee is well aware that in a time of high unemployment new immigrants may be seen by the unemployed in particular as competing for too few jobs. Committee members are also aware that Canada continues to have an exceptionally high rate of new entrants into the labour force each year, higher indeed than any other industrialized country. In 1972, for example, 320,000 persons entered the labour force making a total of 9,086,000. But this situation will change significantly around 1980 when the annual rate of growth of the labour force will decline rather abruptly from approximately three percent to about two percent. André Raynauld, Chairman of the Economic Council of Canada, stated that this decline to a lower and more normal rate of entrants into the labour force could mean that, without immigration, future economic development might actually be held back by labour shortages (15:14). The Committee accepted Dr. Harvey Lithwick's assertion that "*it is disastrous*" for a country to tie immigration policy to short-term economic developments. Immigration "*is a long term investment in human resources*" (48:22). Its conclusion from this body of evidence was that for population reasons it is important to maintain a moderately steady flow of immigration.

Economic factors

17. The Committee was exposed to much conflicting testimony regarding the economic costs and benefits of immigration. It recognized that the evidence for making specific judgments was far from adequate. As Louis Parai had observed in his background study for the Green Paper, *The Economic Impact of Immigration*,

"The results of previous research do not clearly indicate the economic impact of post-war immigration into Canada... in most instances the impact has not been large. The most significant effects... are to increase slightly per capita incomes and economic growth... and to provide for a more flexible labour force..." (p. 73)

18. Contradictory testimony was received regarding the significance of the contribution an expansionist immigration policy could make to economies of scale. In the main, members of the Committee went along with Dr. Raynauld's comment that this argument that immigration should be continued because it contributes to economies of scale was "a very weak one" (15:16). The Committee believes that the benefits of immigration are obvious providing there are reasonable employment opportunities. Of course, immigration causes some special direct costs, as the brief of the Atlantic Provinces Economic Council pointed

out, particularly in the fields of education, training and adjustment services. But these costs are balanced by the fact that immigrants arrive with training and experience acquired at no cost to Canada. All of this leads the Committee to the conclusion that Canada would contribute to its own economic well-being by continuing to welcome immigrants in moderate numbers.

19. For this combination of reasons the Committee recommends that immigration in future be treated as a central variable in a national population policy and that this objective be achieved through the establishment of an immigration target to be adjusted from time to time to achieve an even rate of population growth as well as to take account of changing economic conditions and needs. This implies a new commitment to policy planning in the formulation of immigration targets. It also involves recognition of a point strongly made by Dr. Raynauld, "*there are very substantial economic consequences from an alteration in the pace of population growth, either from fast to slow or from slow to fast*" (15:5). Subsequently under questioning, Dr. Raynauld expressed his views more explicitly:

"It would be desirable not to have too much fluctuation in immigration, no more so than it is desirable to have fluctuations in income and in investment because that generates cycles and instability in the economy that prove to be very costly to Canada" (15:29).

Prejudices Regarding Immigrants

20. A persistent theme of submissions hostile to immigration was the view that immigrants crowd into cities, exacerbating housing shortages, increasing the crime rate, bringing infectious diseases, taxing the welfare roles and government services, and causing unemployment by taking jobs from Canadians. The Mayor of Vancouver made the specific point that "*... immigration [to Vancouver] has exerted great pressure on land and therefore on housing prices... Immigrants have brought talent, money and culture, but they have not brought land... This is primarily a spatial question, not a racial question*" (26:6 & 7). The Committee recognizes that all these are problems faced by rapidly growing cities, but concluded that they are caused by the economic, social and cultural dynamism of cities and their attractiveness to Canadians and immigrants alike. In fact, Canadians migrating within Canada from the country to the cities and from province to province are the main impulse for city growth. Chart 3 graphically illustrates interprovincial migration from 1966 to 1971 and shows how mobile Canadians have become. (See Appendix B.) And this chart does not even display the significant movements within provinces, for instance, from the Cariboo country to Vancouver or from Labelle to Montreal.

21. The Committee is convinced that even without immigration Canada's larger cities would face problems inherent in growth. Immigrants are only a tributary flowing into a much larger river of Canadians who have been migrating to the cities in ever increasing numbers throughout the century. This does not mean that the Committee is not sympathetic to the planning needs of cities. It simply feels that immigrants should not be blamed for problems that they have done little to cause, although they may have compounded them. Canadians worried about the quality of

life in our cities should look elsewhere than to sharply reduced immigration for a solution to the problems of city living.

22. Similar misconceptions also abound regarding the impact of immigration on social services and benefits and health care. None of the testimony supported with facts the popular notion that newcomers are using these services more than the native-born. If anything, the Committee has the impression that use of such services by immigrants falls below the national average for the obvious reason that many come from countries where such services are traditionally provided by the family. Indeed, it would appear that inter-provincial and rural-to-urban migrants make greater use of government support than persons from abroad.

23. Nor do immigrants participate less actively in the work force than long-term residents. Selection criteria are designed to ensure that newcomers are well equipped to secure employment. The Indo-Can Sikh Association of Prince Rupert spoke for many in saying,

"... East Indians have fared well in finding employment, achieving a high level of family income, purchasing their own homes, and feeling at home in Canada" (09).

Other persons offered explanations for the initial difficulty some immigrants experience in finding satisfactory employment. An economist, himself an immigrant, told the Committee that "*... [occupational] mobility is built into the structure of the occupations themselves*" (47:38). He was referring to the complex of factors such as job seniority within unions, different techniques for performing a trade which immigrants have learned in their countries, and the like. These factors may complicate the task of an immigrant seeking a steady job.

24. Some submissions contained allegations that immigrants, especially the non-white, contribute disproportionately to the crime rate. Expert testimony did not support this charge. Professor Frederick Zemans of Osgoode Hall said,

"... most immigrants who come to Canada have a strong fear of the legal system itself... and they are very concerned that they should not get into any difficulties or any trouble while in this country" (10:5).

And in a study prepared for the Ministry of the Solicitor General of Canada in 1974 statistics indicated that the crime rate for immigrants was approximately one-half that for native-born Canadians (Report 6/74).

General Objectives

25. The Committee agrees that Canadian immigration policy should meet certain humanitarian needs as well as promote Canada's economic, social and cultural interests. Accordingly, it favours a reaffirmation of the goals of reuniting families and of offering a home to refugees, and recommends that these two groups be treated differently from other immigrants: immediate family members should continue to be exempted from evaluation on the point system, and refugee movements should be given sympathetic consideration appropriate to the nature and circumstances of each case.

26. The Committee recognizes that it has been through the contributions and efforts of successive generations of

immigrants that Canada has grown to be the relatively secure, prosperous, free, and satisfying place it is. About four million immigrants have come to Canada since World War II. Their skills, their energies, and their enthusiasm have added immeasurably to every facet of Canadian life, and have created a vibrant multicultural mosaic. The Committee firmly believes that the settlement of post-war immigrants alongside the founding cultures is one of the most positive chapters in Canada's post-war history. It looks to immigration to continue to contribute to the economic, cultural and social well-being of the country.

27. While these objectives remain unchanged, it has become apparent that the present immigration system needs modification and modernizing. It had been assumed that immigration was essentially self-regulating; that is, that fewer people would want to immigrate to Canada when unemployment was high or the economy bad, and so *automatically* a balance would always be achieved between the number of immigrants applying to come and Canada's economic capacity to absorb them. Experience has proved this assumption false. It is already evident that no matter what happens in Canada there will be substantially increased world migration motivated by a desire for personal betterment. With fewer countries ready to receive immigrants, the pressures on Canada will exceed its capacity to absorb new population.

28. Canadians' attitudes toward the value of growth per se have also changed drastically. No longer synonymous with progress, growth is seen as one of the contributors to urban congestion, environmental pollution and depletion of non-renewable natural resources, thereby threatening the quality of life generally.

29. For these reasons, the Committee recommends a shift from the present immigration system, which allows for the admission of everyone meeting certain criteria regardless of numbers, to a more managed system capable of regulating the total flow. However, the proposed system must do this in a fair and non-discriminatory, efficient, and manageable way.

Development assistance and the "brain drain"

30. The Committee considered the arguments contained in some submissions that Canada should regard immigration as one method of helping to alleviate the problems of over-population in other countries, or at least as a way of alleviating the human distress of some few of the world's needy.

31. While affirming Canada's obligation and commitment to working towards human betterment on an international scale, the Committee for a number of reasons agrees with the majority of submissions in rejecting the idea that immigration to Canada should be a factor of any significance in this endeavour. Canada could never take enough immigrants to have a noticeable effect on the poorer countries with exploding populations.

32. The Committee believes that Canada should help improve living conditions in poorer countries through development assistance and by working towards an improved international trading system. To the extent that Canada's efforts and those of other developed countries are successful, they will relieve any developing countries which look

to emigration as a solution to their problems of the need to do so. The Committee agrees with the statement of the Interchurch Project on Population that "*instead of merely offering an escape from poverty, it would be more realistic for Canada to help end poverty itself in the Third World*" (33:98).

33. When considering the nature and extent of Canada's international responsibilities in formulating its immigration policy the Committee also discussed the often raised issue of the so-called "brain drain." Many submissions agreed with the National Union of Students in arguing that by accepting the skilled, educated, young and energetic from developing countries Canada is continuing a "*rip-off of . . . people from countries where their skills and training are far more important*" (0110). This was presented as an abdication of Canada's international responsibilities and as directly conflicting with our development aid policies. However, some submissions, notably from East Indian and Chinese immigrants, suggested that anxiety about the "brain drain" from developing countries is exaggerated because in some of these countries the number of people receiving advanced education surpasses the number of suitable employment opportunities (30:73-5).

34. The Committee appreciates that this is a complex issue and that there is truth in both sides of the argument. While some countries wish to protect themselves from the emigration of persons with talents and skills important to their development, Canada is committed to the free movement of peoples and ideas. The Committee considers it the responsibility of the country of emigration to take action to protect itself from the "brain drain", and in such situations Canada should refrain from active encouragement of immigrants. Canada's acceptance of immigrants should be without discrimination as to the country of origin.

Non-discrimination

35. The Committee received many submissions concerning the racial and ethnic composition of Canada's population and its rate of change. A number of these, from Canadians and immigrants alike, reflected anxiety about recent and fairly rapid increases in the immigration of non-whites, particularly to the larger cities. Some submissions advocated severe restrictions or a total embargo on immigrants from countries with coloured populations. The Committee also received evidence in testimony of intolerance towards non-whites in some Canadian communities.

36. The Committee sought to identify the sources of racial prejudice evident in these submissions, many of which advocated tight restrictions or a total embargo on non-white immigration. Some persons revealed that the customs and values of newcomers were disturbing to them; this anxiety tended to increase to the degree that the beliefs and lifestyles of immigrants vary from those found in traditional Canadian communities. Others showed an irrational aversion to colour and physical appearance different from their own.

37. The Committee also recognizes that with worldwide economic recession and high unemployment at home, many Canadians may be feeling less secure and more self-protective of a country to which many people across the world want to come. Racial discrimination and hostile attitudes towards minority groups are worldwide phenomena which

tend to increase in times of economic stress. With expanding economic opportunities, intolerance should decrease.

38. One point of view put to the Committee was that any decision to restrict the numbers of any ethnic or racial groups would generate anxiety and instability among the members of these same groups who are now in Canada. In the words of an East Indian immigrant contemplating such a move, it would be tantamount to "being told that there are too many East Indians here already" (41:27). A spokesman from the Armenian Congress spoke for many immigrants when he said:

"[A restrictive policy would be] an insult to human dignity in general and to the thousands of people from Asia and Africa who have taken up Canadian citizenship and are working towards a better Canada and World.... The Canadians of Asian and African origin will feel more and more estranged from the other Canadians ..." (16:43 & 44).

39. There is a danger of creating second-class citizens of many foreign-born who have made their homes in Canada. It is evident that the ability of newcomers to adapt readily and successfully to Canadian life is in large part contingent on the esteem in which they are held by their chosen communities, and on the existence of non-discriminatory treatment in employment, housing, and services. The Committee makes this assertion in the confident belief that the majority of the Canadian people are tolerant and generous and not prepared to condone racial hostility and discrimination.

40. Canada has become to a large extent a multi-cultural and multi-racial society. The Committee stresses that Canadians must anticipate that many future immigrants will be coming from non-European countries and many will be non-white. This trend is clear from recent statistics. As late as 1967 almost 80 per cent of the immigration flow came from Europe, but by 1974 slightly less than 40 per cent of immigrants were European-born. This decline in European immigration reflected in large part the improvement in the European standard of living which makes Canada less attractive than it used to be. Significantly, in 1974, apart from the large-scale emigration from Britain caused by troubled economic conditions there, the highest number of immigrants came from the poorer countries of Europe: Portugal, followed by Italy, Greece, and Yugoslavia. These trends are unlikely to be reversed: Canadians must accept the facts that the country's capacity to attract European immigrants has diminished, and that if we desire immigrants, we must look to other parts of the world.

41. Accordingly, the Committee unanimously recommends that immigration policy continue to be fair and non-discriminatory on the basis of race, creed, nationality, ethnic origin and sex, and that this principle be formally set out in the new Act. It follows therefore that those parts of the present Section 57(g) that give a statutory basis for a discriminatory policy should be excluded from any future Act even though these powers have not been used for many years.

42. In order to promote inter-group understanding, the Committee further recommends public and school education and legislative action to protect Canadians and immigrants alike from racial and ethnic discrimination. As the

Students Administrative Council of the University of Toronto said:

"we, as individual Canadian citizens must ... accommodate our own attitudes and understanding to facilitate the integrating process. Once an immigrant sets foot in this country, he or she is one of us. We, as a country, and the immigrants as individuals, have made a contract" (34:103).

Well-enforced human rights legislation, public education, and community action programs are helpful in inter-group adjustment. Britain, which in the 1960's, experienced serious racial tension, has had extremely favourable results from its human rights legislation and programs.

Managing Immigration Flows

43. The Committee recognizes that the present point system for assessing potential immigrants has had value as an equitable means for selecting among applicants. However, it was never designed as an instrument to regulate the numbers of qualified applicants accepted; rates of immigration were left to vary with the performance of the Canadian economy. The result has been severe fluctuations in rates, as chart 4 illustrates. (See Appendix B.) (One peak, however, was caused by the movement of Hungarian refugees.) Moreover, the Committee discovered that the apparent responsiveness of immigration flows to Canadian labour demand is partly illusory. The dramatic fluctuations do not indicate the effectiveness of "automatic regulators" such as the labour market so much as they show the effectiveness of administrative measures in turning the immigration tap on and off. Changing the weighting of selection criteria through regulations issued by the Department of Manpower and Immigration remains the most frequently employed regulating device, used recently in the new regulations of October 1974 strongly favouring applicants with either a job offer or a trade falling within one of the few "designated occupations".

44. In the Committee's opinion, such methods are clearly inadequate to meet Canada's present or anticipated needs. Figures show that interest in immigrating to Canada is increasing throughout the world. Canadian Immigration Officers received over 750,000 inquiries regarding the possibility of immigrating to Canada in 1974. If the expected volume of new applications is to be equitably handled, and if Canada is to derive the benefits of balanced population growth, Committee members believe the present system of immigration management must be significantly modified.

45. A principle objective of the new policy should be the regulation of immigration flow to achieve desired population growth. The Committee suggests this could be accomplished by setting an annual target and by developing processes for determining and keeping close to that target. The main indicators used in setting the target should be (1) demographic, such as fertility rate, size, rate of change in size, and age of population, and rate of entry into and exit from the job market; and (2) economic, such as the level of economic activity and rates of employment and unemployment, which have a tendency to move in shorter cycles.

46. Rational population and immigration planning depends on accurate immigration and emigration statistics. The absence of precise figures on emigration from Canada

is a serious deficiency and the Committee hopes that a method of monitoring outflows can eventually be developed.

47. The Committee has discussed possible figures as targets for future annual immigration to Canada. (Because of a lack of emigration statistics, targets must be set in gross rather than net terms.) Bearing in mind its earlier proposal that under present conditions Canada must continue to welcome a minimum of 100,000 immigrants a year and that this figure should not be regarded as a maximum, the Committee recommends that the Minister of Manpower and Immigration, after consultation with the provinces, propose an annual target figure.

48. The Government's proposal should be subject to parliamentary scrutiny. This could be accomplished by the Minister each year presenting to Parliament a resolution concerning the target. The Committee suggests that Parliament refer the resolution without debate to the Standing Committee on Labour, Manpower and Immigration where the Minister could explain how the target figure was determined, give an account of the previous year's immigration experience, and offer a three-to-five-year rolling projection of proposed immigration rates.

49. The annual target having been established, the likely number of sponsored applicants for the period can be estimated (the Committee understands this can be done fairly accurately) and subtracted from the target. The resulting figure is the ceiling on the number of independent applicants to be accepted that year. In the Committee's view, because refugee flows are rarely predictable they cannot form part of such calculations.

50. The Committee considers that this combined target and ceiling system would prove flexible and manageable. Limiting the number of independent immigrants admitted each year would very probably give rise to a waiting list of acceptable applicants. Each would be assigned a place in the list and given an approximate date when he could be admitted. About one-quarter of the total number should be admitted each quarter of the year to smooth out the flow. Committee members who consulted with United States officials were told that a control system involving waiting lists can be highly satisfactory from the point of view both of the receiving country and of the immigrants concerned.

51. The annual target is envisaged as an order of magnitude to be aimed at, but because of some unpredictability in the exact number of immigrants sponsored in any one year the target might be overshoot or undershot. While a definite ceiling would be placed on the number of independent immigrants—and adhered to—there would be no limit on the number of sponsored immigrants; any such person admissible would have the right to immediate entry. Likewise, the number of refugees accepted in any year would be determined by the government of the day in the light of the situation in their home country and in Canada. Thus, the actual number of immigrants coming to Canada each year could vary somewhat from the target figure.

52. Introduction of this system of targets and ceilings would, in the Committee's opinion, have several advantages over the present system.

—It would reduce the erratic character of post-war immigration to Canada while leaving sufficient flexibility to adapt to changing economic conditions.

—It would provide the tools to manage immigration efficiently to serve Canada's priorities.

—It would help to ensure that the profoundly human problems of immigration control are handled fairly, and in accordance with criteria which are open to public scrutiny.

—It would assist in planning because the full number of independent immigrants approved for entry in any one year could all be expected to come forward.

53. The Committee also gave considerable attention to the selection of a system for allocating the places within the ceiling for independent immigrants. A number of suggestions were made:

—allocation on a first come, first served basis;

—regional ceilings (for example, one third for Europe, one third for the Americas, and one third for Africa and Australasia);

—one and the same ceiling for each country (as in the United States system);

—country by country ceilings based on the size of their populations;

—priority to applicants scoring higher on the point system.

54. Having reflected on these choices, the Committee recommends admitting immigrants on a first come, first served basis, it being left to the operation of the immigration system to ensure that undue preference is not accorded applicants from any one country. At the same time the Committee heard complaints that the distribution of offices around the world was uneven, and wishes to express its concern that the distribution not be such as to create de facto discrimination.

Selection Criteria

Sponsored relatives

55. The Committee reaffirms that the reunification of families should be a principle of Canada's immigration policy. The family provides ties of affection and emotional support, and meets the material needs of dependent members. For these reasons the Committee favours the maintenance of the present system under which close, dependent relatives are automatically admissible to Canada providing they meet health standards and do not fall within a list of prohibited classes.

56. At the same time, the Committee attaches importance to another objective of immigration policy—that the skills and talents of immigrants contribute to the Canadian economy—and recognizes that a great many immigrants see Canada primarily as a land of social and economic opportunity. The Committee believes that Canada is enriched by those persons who come as independent immigrants for the sole purpose of participating in the work force and community life, and who have the initiative to take this step even though they lack the support of a relative in Canada. The Committee is concerned that over time the present classes of sponsored and nominated immigrants, given substantial advantages because they have

relatives in Canada, would absorb an increasingly larger share of the places available each year in Canada. To ensure that this does not happen and that "new seed" immigrants continue to find a way to enter Canada, all Committee members except one recommend that the present class of nominated immigrant be dropped, and that the ties between members of the non-dependent extended family be recognized in a different way. The nominated category was first introduced in 1967, and in the Committee's opinion has given undue preference to non-dependent relatives seeking to enter Canada. They have received from 15 to 30 points, a substantial part of the minimum of 50 points needed to be eligible for admission, solely through being related to someone in Canada. Of course, such persons could still come to Canada, but they would have to be assessed on a more equal basis with independent applicants.

57. However, the Committee recognizes that relatives can help newcomers in adjusting to their new environment. It therefore proposes that the five points now available to an independent immigrant having a relative in Canada be doubled to ten if that relative is a Canadian citizen. It also recommends that the categories of relatives admissible within the sponsored class be slightly extended.

58. At present, Canadians and landed immigrants may sponsor parents over the age of 60. The basis for this age specification is that such parents usually can be regarded as dependents, not likely to enter the labour force. The Committee suggests a modest extension of this category. Canadian citizens (but not landed immigrants) over the age of 21 should be able to sponsor parents of any age. While some parents undoubtedly would be young enough to enter the work force and therefore not be dependent, there should be a possibility of reuniting any such close relatives desirous of being together. The Committee recommends that this right be limited to Canadian citizens to avoid the possible abuse whereby one of the elder children of a large family could come to Canada and immediately sponsor his parents, who on their arrival could immediately sponsor their other children under the age of 21.

Independent immigrants

59. The Committee recommends that the point system be maintained for evaluating all independent immigrants. The system has shown itself to be generally objective and fair, and ensures that prospective immigrants are assessed according to their ability to integrate socially and economically.

60. The Committee recommends a number of modifications to the allocation of points within the system. However, it has not attempted to work out a comprehensive new point system, believing that this is better done by the Department of Manpower and Immigration when they prepare the new Act and regulations. There is no reason why the points available necessarily should equal 100 or the minimum number of points needed for entry necessarily should be 50, as is now the case. The Committee's comments are intended rather to indicate the specific objectives which it thinks the point system should be designed to meet and to suggest a relative order of magnitude.

(a) Education and training

61. The Committee considers that 20 points for education and training—one point for each year of study—places too much emphasis on educational qualifications. The Chairman of the Economic Council of Canada advised that "*between 1961 and 1971 the general level of schooling of the labour force in Canada increased by more than one year on the average*", from which he concluded that "*we may need fewer skilled people in the future*" (15:18). Moreover, the Committee gained the impression that the present allocation of points favours the wealthy and well-educated. It also learned that the ten points now allocated for "occupational skill" include an educational component so that there is a degree of double scoring.

62. For these reasons the Committee favours a reduction from 20 to 12 points for education, one point for each year of successful study. This would continue to give an advantage to applicants who had completed secondary schooling. The qualifications of persons with higher education could still be recognized under "occupational skill." But this proposed reduction would diminish the amount of the advantage now available to those with much formal education, but little practical experience, while assisting those with more modest educational qualifications and a highly desirable set of skills.

63. The Committee further advises that adequate measurement of educational achievement for the purpose of allocation of points can be assured only by ascertaining the equivalence between certificates and degrees received in Canada and the sending countries. Furthermore, because the present appraisal of education is not sensitive to qualitative differences, newcomers on arrival in Canada are frequently faced with difficulty in finding employment in their occupations or professions. Accordingly, consultation should be undertaken with a view to establishing Canadian equivalencies for foreign education and training. Immigration Officers abroad would then be better equipped to assess applicants realistically in this respect, and to advise them about the differences between educational and professional standards and requirements. A newcomer could then expect to enter the work force with a minimum of frustration and delay; and applicants from different parts of the world would receive more equitable treatment.

(b) Occupational skill

64. The Committee considers that practical experience in an occupation is very often no less important than formal educational and training qualifications. Under the present system an applicant receives up to 10 points for what is called "occupational skill"—the number of points allotted is calculated on a complex grid involving differing weights for the number of years of training needed to practice the profession or trade and the intrinsic skill required. The Immigration Officer may vary the total given on this criterion by one point above or below a prescribed norm depending on whether or not he considers the applicant has mastered the skills.

65. Because, for example, a welder with five years experience should be more capable than one just completing trade school, the Committee proposes that additional points—up to eight—be available for the assessment of experience and personal competence. Points allocated

should depend on the number of years of practical experience and, if feasible, on the demonstrated quality of an applicant's competence. This means that the 10 points presently available for assessing the training and skill required in an occupation would be retained; but instead of allowing only one point to measure an individual's competence, eight points would be available to measure competence plus experience where that experience contributes to greater competence.

(c) Age

66. Demographic projections indicate a steady trend toward an aging Canadian population with increasing dependency ratios. Also, it is usually easier for younger people to adapt to a new country and find suitable employment. For both reasons the point system should continue to favour young applicants, and therefore the Committee recommends no change in the present practice of awarding points on this criterion.

(d) Language

67. The allocation of five points for competence in one or the other of Canada's official languages should be maintained. The ability to speak one of the official languages of Canada enables the newcomers to integrate more readily and successfully, and to enjoy greater occupational and social mobility.

68. The allocation of 10 points for an applicant speaking both official languages should be maintained, reinforcing the fact that Canada is a bilingual country.

(e) Relative in Canada

69. To compensate for its proposal to drop the nominated class, the Committee recommends that prospective immigrants who have a relative of a certain degree of kinship in Canada be given 10 points if the relative is a Canadian citizen, and five points if the relative is a landed immigrant. Relatives are usually helpful to new immigrants and support them both emotionally and materially in their initial period of settlement and integration into an unfamiliar culture. The additional five points given if the relative is a Canadian citizen recognizes that immigrants who have acquired Canadian citizenship have generally lived longer in Canada and can be more helpful to the new immigrant.

70. The Committee would allot five or 10 points (as the case may be) to an applicant with any of the following relatives in Canada: a son or daughter, a brother or sister, a parent or grandparent, a niece or nephew, an uncle or aunt, or a grandson or granddaughter.

(f) Occupational demand

71. The vast majority of independent immigrants, even those with a relative in Canada, come to this country to work and to improve their standard of living. Unless an immigrant has a reasonable chance of finding employment related to his training or abilities, neither he nor Canadians benefit from his settlement in Canada. In the Committee's judgment it is therefore essential that selection criteria reflect Canada's manpower needs. To that end, the Committee carefully studied the three criteria directly related to employment for which points are allocated.

72. It did not feel any change was needed in the points awarded for occupational demand. A very broad range of

job classifications are rated from zero to 15 according to the national demand for the skills involved; this rating is based on the Job Vacancy Survey conducted by Statistics Canada. The figures are adjusted monthly and printed in the Department's occupational demand rating guide. The Committee considers that the Department's calculations might be somewhat improved if the statistical base could be extended to include other information on job vacancies, perhaps from provincial or private employment agency sources. But otherwise it believes this criterion is an important indicator of the employment picture in Canada.

73. Several members of the Committee were troubled by the implications of the fact that the occupational demand rating guide is available only to departmental officials; a number of persons are qualified in more than one occupation and might not be assessed to their best advantage if they are unaware of the varying needs for their different skills. Much of this information reaches the public domain anyway by the immigration grapevine, but often in garbled form. These members felt that because the occupational demand rating is derived from public data, it should therefore be made available to prospective immigrants.

74. Against this position it was argued that this practice would be open to abuse. Training schools which make a business of recruiting persons seeking to immigrate might offer diplomas in whichever occupations were allocated the highest points, or applicants might misrepresent their qualifications to score higher. The need to verify such qualifications would greatly increase the work load at immigration posts. These latter arguments persuaded a narrow majority of members of the Committee that the rating guide should be kept confidential.

75. The Committee, however, was agreed that, so long as the rating guide was not available publicly, the prospective immigrant should be given a description of how the Canadian point system works; the application form should contain an invitation to report each occupation the applicant is skilled in; and the Immigration Officer at the interview should be under instructions to seek full information on the applicant's occupational experience.

(g) Arranged employment and designated occupation

76. Because an arranged job is beneficial to both the immigrant and the employer, the Committee recommends that 10 points continue to be awarded to a person who has obtained a job before departure. To prevent abuse it is important that officials also continue to satisfy themselves that the job offer is valid, and that the prospective employer offers the prevailing salary for the position, and satisfactory working conditions and benefits. As an additional protection, the immigrant should be counselled on his rights before leaving for Canada and advised where to secure help on arrival if needed.

77. The Committee appreciates that awarding points for arranged employment favours those applicants who are close to the Canadian job market, and/or have relatives in Canada who can mediate a job offer. As a technique for assisting the independent immigrant who has no previous connections with Canada and for meeting the manpower needs of the economy, the Committee was impressed by the Department's experience with the recently introduced criterion of "designated occupation". This involves taking

occupations in very high demand in specific localities which cannot be filled, and matching these fully documented requirements (which include details of wages, working conditions and the like) with the qualifications of applicants seeking entry to Canada. While neither party is obligated by the arrangement, there is a high probability of a mutually satisfactory match. The Committee encourages the Department to expand and improve this practice and to continue to award 10 points to applicants who so qualify.

78. The Committee further recommends that in times of high unemployment in Canada, it should automatically become mandatory that an independent immigrant have either an arranged job or the skills required in a designated occupation.

(h) Area demand

79. Under the point system as now administered, up to five points are offered depending on where an applicant intends to settle. The precise number of points is allotted on the basis of employment levels in different regions of the country, ignoring more specific local manpower needs as well as the need to encourage people to settle away from large centres of population.

80. Instead of giving points to immigrants for going to major cities like Toronto—in October, 1975, three points were given to any immigrant indicating Toronto as his destination—the Committee proposes that area demand be substantially modified and used experimentally to encourage prospective immigrants to settle in communities where population growth is desired and is compatible with regional development plans. It would be important to work closely with provincial authorities to ensure that they agreed that immigrants were desired and jobs were available in the designated communities, and that the services immigrants require would be provided.

81. Under these circumstances, the Committee thinks a successful applicant should be told about the designated communities and given the opportunity to emigrate immediately (in effect, jumping any queue which might have formed), on condition that he were prepared to take an available job and commit himself to a written contract to remain in the designated locality for at least two years.

82. If, during the contract period, he could not find work in the community, or there were other mitigating factors such as health needs, immigration officials could release him from his obligation. Otherwise, compliance with the contract should be encouraged by delaying the completion of formal landing until the immigrant has taken up employment in the designated locality and has reported to the local Canada Manpower Centre with proof he has done this. A person who failed to honour the terms of the contract in a way which indicated that he misrepresented his intentions when he agreed to it should be "required to depart" from Canada, a new procedure, less drastic than deportation, which is advocated later in this report.

83. The Committee considered offering perhaps as many as ten points as a further inducement to an applicant prepared to settle in a designated community. However, it decided against proposing that any points be awarded for area demand as now proposed out of a fear that this might lead to the entry of marginal immigrants who might fail to

adapt successfully when placed in communities where conditions may be particularly difficult for a variety of reasons.

84. As now proposed, the only inducement offered to a prospective immigrant to settle in a designated community is the opportunity to emigrate immediately. This would be attractive only if a waiting list had developed. With a waiting list, an immigrant choosing to settle in a designated community would do so entirely voluntarily since he would be admissible in any event if he were prepared to wait. The Committee urges that this proposal be approached imaginatively, and that consultation with the provinces be undertaken about the various ways of applying the principle which the Committee wishes to promote—that one of the goals immigration can help to serve is regional development.

85. The Committee is under no illusion that its proposal would solve the problems of regional development or urban congestion. It recognizes that incentives must be available to attract Canadians as well as immigrants to areas where people are needed. However, a proposal along these lines could go a little way towards meeting these objectives, and the Committee urges that such a change be implemented on an experimental basis, and carefully monitored.

(i) Personal assessment and discretionary authority

86. Under the point system as now administered, an immigrant can gain up to 15 points for personal assessment. This is determined during an interview by the Immigration Officer following a detailed set of guidelines. In addition, the Officer has an overall discretionary authority to recommend that an applicant without sufficient points be admitted, or an applicant with sufficient points be refused, if there is reason to believe that the points awarded do not accurately reflect the person's chances of successfully establishing himself in Canada. Either recommendation is subject to review and final determination by the officer-in-charge in each immigration post.

87. The Committee feels that there is a degree of confusion between the two procedures, and realizes that there is a subjective element in making a personal assessment. Nonetheless, the officer must make a judgment as to how effectively an applicant would adjust to life in Canada. So, while the Committee accepts the need for giving some points for personal assessment, it suggests that the total be reduced by at least one third.

88. With regard to the overall discretionary authority, the Committee noted that in the vast majority of cases it has been used to admit persons not scoring sufficient points to be otherwise admissible. In 1974 the authority was used some 5,300 times; in about 500 cases applicants scoring sufficient points were rejected; in the remaining 4,800 cases applicants without sufficient points were admitted.

89. The Committee commends this practice and urges the Department to continue to encourage its officers to use their best judgment when it is a matter of admitting applicants showing adaptability, determination, and resourcefulness who might score low on education and

training. It also recognizes that occasionally there may be evidence that an applicant is either unsuitable or undesirable in ways that cannot be reflected in specific and quantitative criteria.

90. The Committee believes that, in the end, it is unavoidable and proper that well-trained Immigration Officers and their superiors, familiar with the social and cultural milieu of the applicants they are assessing, should be entrusted with a discretionary authority to make judgments that are important, but of necessity cannot be encompassed within the mechanical administration of the point system.

Refugees

91. No specific provision is made in the Immigration Act and regulations for the admission of refugees. The Minister of Manpower and Immigration, by means of regular administrative directives and special programs which are approved by the government to handle unusual situations, has acted in accordance with the United Nations Convention Relating to the Status of Refugees (1951) and the subsequent Protocol (1967). He has often relaxed the terms of the U.N. definition. The lack of clearly stated guidelines led to the characterization of Canadian refugee policy by Freda Hawkins as "*ad hoc, inconsistent, and undisclosed*" (33:22).

92. The Committee feels that a clear statement of refugee policy is necessary to guarantee fair and equitable treatment of claimants to refugee status. At the same time, any statutory provisions must allow for the flexibility of response that has been, and will be, needed to handle the number and particularly the variety of refugee problems that arise.

93. The Committee regards the United Nations definition of "refugee" as too narrow and not adequate to accommodate the present-day variety of circumstances and emergencies confronting citizens of many countries. One difficulty is the stipulation that the person be outside his country to qualify as a refugee. Canada has eased this requirement to accommodate Chileans and Ugandans, but the Committee sees a need for firm criteria to reflect contemporary refugee situations in which persons must leave their home countries because they have been stripped of citizenship and denied the right to remain. The definition should also include persons living in their homeland who face persecution or punishment for political reasons, provided their governments allow them to leave.

94. In brief, the definition of refugee should not be so broad as to undermine the humanitarian principles to which Canada holds, nor so narrow that government cannot cope within the Act with the new emergencies that require a fast and efficient response.

95. The Committee studied the possibility of expanding the definition to include persons suffering from poverty and hunger as a result of natural disaster, famine, or war. Such a concept would be impractical since it could include over half the world's present population.

96. In fitting these conclusions into the broad policy proposals for an annual immigration target the Committee

also recognizes that the number of refugees accepted from year to year may vary widely, depending on unpredictable world conditions, and on the economic situation within Canada. Accordingly it advises that an annual ceiling on the numbers of refugees permitted entry would introduce an unwelcome and arbitrary limit on the bounds of Canada's humanitarianism, and recommends that refugee flows should normally not be included in the government's annual target.

97. Because of the increasing number and variety of refugee situations, the Committee agreed that "*well-founded fears of persecution*" cannot always be easily documented. Accordingly, the Committee further recommends that the responsible Ministers should normally report to the appropriate Standing Committee of Parliament on international situations with refugee implications and the government's response.

98. Because refugee situations frequently require immediate action and the provision of safe haven with neither Canada nor the refugee (or claimant to refugee status) being sure of whether they would be willing or able to accept each other, the Committee carefully studied the recommendation of some witnesses that Canada institute a provisional or temporary reception program as Sweden has done.

99. The Committee learned that Swedish acceptance is limited to 1,000 persons per year and even these few cases are subject to individual approval. Canada is in a position to grant what amounts to first asylum by means of a Minister's Permit. The formal establishment of the rights of first asylum might cause problems in the longer term: while international practice permits the option of deporting an undesirable refugee, no country other than his country of origin may be prepared to receive him. The Committee therefore recommends against the establishment of a special category of first asylum.

Prohibited Classes

100. A person who is found to come within the prohibited classes of Section 5 of the Immigration Act is not admissible to Canada. The Committee received many submissions concerning the revision of this section of the Act.

101. It examined the classes which are prohibited and recommends that certain subsections of Section 5, identified below, be amended, and suggests that all subsections be carefully reviewed to ensure that the provisions are up to date. Since these prohibitions apply to anyone entering Canada—prospective immigrants, temporary workers, students, and visitors—the Act should clarify when the prohibitions apply mainly or solely to prospective immigrants and when they apply to everyone.

Retardation

102. Section 5(a)(i) prohibits the entry of "idiots, imbeciles or morons." The London Council of Women argued that, "*A mentally retarded child should be permitted to immigrate with its parents, at any age*" (37:10). The Committee agrees that immediate members of a family should not be separated because one member suffers from mental retardation and therefore recommends that sponsored dependents who are mentally retarded be admissible.

Mental illness and epilepsy

103. Section 5(a)(ii) and (iv) prohibit the entry of those who are insane or afflicted with epilepsy. An individual maintained that,

"persons suffering from mental disorders should not be prohibited if they can lead a normal life, particularly victims of nervous breakdowns which are only due to temporary circumstances and are experienced by many people" (1878).

Because many forms of mental illness and epilepsy can now successfully be treated and controlled, most Committee members agree that a person with a history of such a disease should be admissible providing he can lead a normal and useful life. A minority of the Committee would have eliminated mental illness and epilepsy altogether from the prohibited classes.

Contagious diseases

104. Section 5(b) excludes *"persons afflicted with tuberculosis in any form, trachoma or any contagious or infectious disease,"* and was designed apparently to protect Canadians from dangerous illnesses, or the burden of costly medical treatment. The Committee agrees with several submissions that medical advances can make any such specific prohibitions obsolete, and therefore recommends that this subsection state the general principle to be observed without mentioning any specific diseases.

Crimes of moral turpitude

105. Section 5(d) prohibits the entry of persons who have been convicted of or admit having committed a crime involving moral turpitude. While agreeing with the principle, the Committee believes that the term "moral turpitude" is vague and unsatisfactory. A more adequate definition would be achieved by listing serious offences such as murder, rape, assault, fraud, robbery, hijacking, kidnapping, perjury and smuggling, and by providing guidelines by which other serious crimes could be identified.

Homosexuals

106. Many organizations and individuals called for the removal of any reference to homosexuals and homosexuality in Section 5(e). They argued that homosexual acts between consenting adults are no longer an offence under the Criminal Code, and that the new immigration law should reflect the fact that Canadian attitudes towards homosexuality have changed significantly since the last Act was written. Although a few members of the Committee felt strongly that the prohibition against homosexuals should remain, the majority agrees that it should be removed.

Prostitutes

107. Section 5(e) also prohibits the entry of *"prostitutes . . . or persons living on the avails of prostitution."* The Committee wishes to retain this prohibition, but suggests the term "prostitute" be changed to read "male or female prostitute."

Beggars and Vagrants

108. Section 5(g) prohibits the entry of *"professional beggars or vagrants."* The Committee recommends that all

reference to "vagrants" and "vagrancy" be removed from this prohibition.

Public charges

109. Section 5(h) prohibits the entry of those *"who are public charges or who, in the opinion of a Special Inquiry Officer, are likely to become public charges."* Although some members of the Committee advocated the removal of this prohibition because they think it is vague and confers unacceptable discretionary powers on the Special Inquiry Officer, the majority favours its retention on the grounds that Canada's social services should not be overtaxed.

Chronic alcoholics

110. Section 5(i) denies entry to persons who are *"chronic alcoholics."* The Canadian Bar Association recommended that the term be defined as it is in Section 4(1) (b) of the Canada Divorce Act. The Committee agrees, and thinks the definition should read as follows: *"A person who is grossly addicted to alcohol and cannot reasonably be expected to be rehabilitated within a reasonably foreseeable period."*

Drug addicts

111. Section 5(j) prohibits the entry of persons addicted to a narcotic within the meaning of the Narcotic Control Act, but barbiturates, amphetamines and hallucinogens are not included in this definition. The Committee recommends that this section be redrafted to take account of the latest developments in the field of drugs, and in particular to comprehend drugs that are addictive although they may not be narcotics.

Subversives

112. Subsections 5(l) to (r) of the Immigration Act prohibit the entry of subversives. The Committee believes there is a need for careful definition so as not to exclude law-abiding advocates of extreme views, and with this in mind commends the definition of subversive activity found in the Official Secrets Act which reads as follows:

- (a) Espionage or sabotage;
- (b) foreign intelligence activities directed toward gathering intelligence information relating to Canada;
- (c) activities directed toward accomplishing governmental change within Canada or elsewhere by force or violence or any criminal means;
- (d) activities by a foreign power directed toward actual or potential attack or other hostile acts against Canada; or
- (e) activities of a foreign terrorist group directed toward the commission of terrorist acts in or against Canada.

The Committee suggests that international terrorism be added to this list.

Non-bona fide immigrants or non-immigrants

113. Section 5(p) prohibits the entry of *"persons who are not, in the opinion of a Special Inquiry Officer, bona fide immigrants or non-immigrants."* The Canadian Bar Association suggested that the section *"should be either deleted in its entirety or amended so that it provides guidelines or criteria to be followed by Special Inquiry Officers as to the meaning of 'bona fide'"* (067). The Committee recommends

that the prohibition be retained, but that clear guidelines be followed by Special Inquiry Officers in applying it.

Controls and Enforcement Entry and exit controls

114. The Committee was impressed by the need to improve control over the entry into and stay in Canada of persons who come as visitors with the intention of residing and working illegally. The magnitude of the problem is unknown, but many Canadians expressed a fear that "illegal immigration" is out of control. It seems clear that this fear can foster negative attitudes towards immigrants in general. Moreover, the plight of many illegal aliens is a matter of concern as they are vulnerable to varied forms of intimidation, exploitation, and blackmail.

115. The Committee considered the present system for screening out non-bona fide visitors at ports of entry. A person suspected on certain specified grounds of intending not just to visit Canada but to remain can be refused entry. This can cause not only embarrassment, but genuine hardship to individuals who have come long distances on the understanding that all that is needed to get into Canada is a return ticket. Some bona fide visitors may be refused entry for lack of the means to make their case. Others may eventually emerge from the Special Inquiry procedure free to visit Canada—the Committee was informed that this is true of some 30 per cent of the cases that go to Special Inquiry—but their stay will be marred by their unpleasant experience at the port of entry. On the other hand, there can be no doubt that many "illegals" get through and disappear without any record of their entry.

116. For these reasons the Committee weighed the pros and cons of implementing a comprehensive visitor visa system, excluding only United States citizens, 30 million of whom visit each year, from the requirement of obtaining a time-limited visitor visa before seeking to enter Canada. Prospective visitors would then be accurately informed of Canada's regulations before undertaking a journey and would have the minimum necessary documentation, thus avoiding futile travel. Inspection at ports of entry would be facilitated. However, it is questionable whether officers abroad could better judge visitors' intentions even though they would be working under less pressure than port of entry officers in Canada. And the financial and staff implications of setting up systems and maintaining sufficient officers abroad are considerable. Again, unless a visitor visa system were coupled with an exit monitoring system there would be no way of knowing whether visitors had left Canada.

117. Consequently, the Committee has reservations about the efficacy and practicability of a visitor visa system and recommends that consideration be given first to the establishment of a combined entry and exit card system. If, after careful monitoring, it proved ineffective, a visitor visa system should be reconsidered.

118. With an entry and exit card system everyone entering Canada except Canadian citizens and landed immigrants, and American citizens, would be required to complete a card in duplicate stating name, passport number, country of citizenship, and intended place of sojourn in Canada. The Immigration Officer would check the card

against the passport for authenticity, accuracy, and legibility, and date-stamp and code or number the card and its duplicate. The duplicate (possibly secured to the passport for safekeeping) would be surrendered to the Immigration Officer on departure. A computerized match would then indicate which visitors had, and which had not, departed. This procedure would give only a first lead as to where to look for people suspected of having failed to depart, but it would indicate whom to start looking for, and would for the first time provide some firm evidence of the dimensions of illegal immigration. Knowing that authorities had such records would itself discourage some visitors from overstaying.

119. A limited experiment with entry and exit cards was undertaken in Canada a few years ago, and was subsequently dropped. However, the system introduced at that time involved no inspection on departure and departing visitors were simply invited to drop their forms in a box. The Committee does not regard this as an adequate test of the system it has in mind.

120. For this system to be effective, Immigration Officers would have to be able to satisfy themselves that persons claiming to be Canadian residents or American citizens on entering or leaving Canada were telling the truth. This could be accomplished easily and efficiently by having such persons show their passports; however, alternative forms of identification should be considered acceptable for the 70 million Canadians and Americans travelling between the United States and Canada where passports have traditionally not been required.

121. Visitors would continue to be screened at ports of entry. The examination process would scarcely be speeded up, although officers on the primary inspection line would feel under less pressure in the knowledge that the entry and exit control card system were in effect. In this connection the Committee wishes strongly to recommend the establishment of separate inspection lines at international airports, one for Canadian residents and others for visitors and new immigrants. This would speed up the examination process for returning Canadians who in this day of giant aircraft may often be subjected to delays. If this small step were taken it would be possible to place trained Immigration Officers on the primary inspection line for visitors and immigrants, where their experience would be valuable.

122. The proposed entry-exit monitoring system would require additional personnel at ports of exit to check passports and collect exit cards, and inland to process the cards, but these costs would certainly be less than those involved in a visitor visa system requiring substantial personnel abroad.

123. The Committee recommends that an entry-exit monitoring system be complemented by more thorough follow-up, control, and enforcement procedures within Canada with respect to people suspected of remaining illegally. To facilitate this a number of specific steps should be taken:

—Employers should be required to make reasonable inquiries to establish that employees have a right to work in Canada, and be liable to prosecution for employing anyone who is not a Canadian, not a landed immigrant, or not in possession of a valid work permit.

—Visitors should not be permitted to change their status to landed immigrant, student, or worker from within Canada. (Exceptional cases should be handled by Minister's Permit.)

—Attempts should be made to develop additional methods to detect and take action against marriages of convenience by which persons fraudulently acquire the right to become Canadian residents.

—Landed immigrants who leave Canada for an appreciable period of time should be required to apply for a prima facie grant of re-entry from a Canadian Immigration Officer in the country of sojourn. The Officer would determine whether or not the absence was of a temporary nature with an intent of returning to Canada. At present the port of entry officer is required to make a hasty decision on these matters.

—Persons in Canada other than Canadian citizens who counsel, aid, or abet others to enter or remain in Canada illegally should be liable to deportation.

Special Inquiry, appeal and deportation procedures

124. Special inquiry, appeal and deportation procedures comprise some of the mechanisms for controlling in an equitable way the entry into or stay in Canada of persons who have no lawful right to be here, or who are undesirable. In addition to submissions from lawyers, civil liberties groups, and other interested parties, the Committee received testimony from the Chairman of the Immigration Appeal Board and Immigration officials, and visited ports of entry and Canada Manpower and Immigration Centres to observe procedures at first hand.

125. While the Committee does not wish to recommend any fundamental changes in the present system, it has two underlying concerns. First, whether individual justice is best served by a more rigorously legalistic adversary system with precise rules of procedure, of evidence, and of precedence, or by a less formal, more direct attempt to discover and respond appropriately to the facts as each case warrants. Second, courts and legal procedures in general are designed to protect rights, not to grant privileges. Immigration per se is, in this sense, a privilege, extended by the Parliament of Canada. The judiciary, or other independent bodies, should not, as far as possible, become involved in the selection of immigrants, although the current rights of review by the courts should be preserved. Also, the Committee wanted to ensure that procedures in Canada were not of a nature to encourage people to avoid applying for landed immigrant status abroad. It must not be made easier for would-be immigrants to achieve their objectives simply by arriving in Canada as visitors, and then taking their chances.

126. The Committee noted that many submissions recommended safeguards that are already in effect: at Special Inquiries the subject is now informed of his right to retain counsel; he has a right to the services of interpreters at no charge and to witnesses if necessary; he is read the report of charges against him, and is told of the purpose and possible consequences of the inquiry. The Committee rejects the suggestion that Special Inquiry Officers be appointees independent of the Department of Manpower and Immigration. It further recommends no change in the practice that where the inquiry concerns a person seeking

to enter Canada, the onus of proof of admissibility lies upon that person, while where it concerns a person already within Canada, the onus of proof that the person is subject to deportation lies on the Minister. It agrees with the Canadian Bar Association (and with actual departmental practice) that "*There should be no 'further examination' (by a Special Inquiry Officer) leading to deportation without a formal Special Inquiry hearing*" (067).

127. The Committee was told that the powers of search, arrest, detention, and interim release provided for by the Immigration Act are exercised in a manner that adheres very closely to the provisions of the Criminal Code and the Bail Reform Act. The Committee concurs with the Canadian Civil Liberties Association that "*it reveals no disrespect to insist that Ministerial assurances are no substitute for legislative safeguards*" and recommends that the same safeguards that exist in the Criminal Code and Bail Reform Act be applied to the prehearing detention of "*immigration suspects*" who have been admitted to Canada and/or have filed appeals (34.42). At the same time, the Committee recommends the assignment of additional immigration staff to investigative and enforcement duties, and the provision of more adequate communications equipment, facilities, and R.C.M.P. support at Canada-United States border crossing points.

128. The Immigration Appeal Board at present is empowered to hear appeals from refusals of sponsorship applications made by Canadian citizens, and from orders of deportation in respect of landed immigrants, persons in possession of valid Canadian visas issued outside Canada, persons who have claimed refugee status and whose appeal has been allowed to proceed by the Board, and persons who have claimed Canadian citizenship and whose appeal has been allowed to proceed by the Board. On appeals from orders of deportation, the Board must first consider the legality of the deportation order; if the order is found to be in accordance with the law, the Board may then consider evidence that the person should nonetheless be allowed to stay in Canada for humanitarian or compassionate reasons.

129. The committee gave careful consideration to the arguments of the Chairman of the Immigration Appeal Board, made in testimony before the Committee, that *all* aliens should be given a right to apply for leave to appeal to the Board from a deportation or related order on questions of law, fact, or mixed fact and law, together with a right to claim special humanitarian or compassionate relief. It is the Board's exceptional power to grant special relief, to modify the laws of Parliament where the law would be unjustly harsh on individual cases, that the Board Chairman sees as the real *raison d'être* of the Board and as the justification for extending access to the Board to all persons ordered deported. A minority of the Committee favoured the recommendation of the Immigration Appeal Board. They believed that justice requires that a person ordered deported by an official of the Department should have a right to seek judicial review of this decision. They also thought that the experience of the Board should be recognized and its judgment be accepted on the principle of extending the right to appeal as proposed and on the practicability of the proposal—that it would not cause undue delays.

130. Most members of the Committee rejected the Appeal Board's recommendation for a number of reasons. It was felt that the Board's unique jurisdiction to modify the laws of Parliament should not be extended to visitors without visas who are ordered deported. Even granting only the right to seek leave to appeal would require a process of filing an application, production of the record of the Special Inquiry, written submissions from both parties, and consideration of these by the Board. This process, it was feared, would be unavoidably time-consuming, costly (not just in terms of the Board's time, but also because the subject would have to be detained and accommodated at public expense in the interim), create a backlog, and be largely unwarranted because Special Inquiries are judged to be satisfactory to these purposes. Here, specifically, Committee members did not want to create a situation where a person had more chance of gaining immigrant status by evading the selection process than by going through it. Moreover, the Committee's decision to recommend that students seeking to study in Canada should be required to apply for a visa abroad would somewhat extend the range of the Appeal Board's present jurisdiction. Should a future decision be taken to adopt a system of visitor visas, the Board's jurisdiction as now provided for would actually become larger than the limited extension it is now seeking.

131. The Committee agrees with the Canadian Civil Liberties Association that it is both unnecessary and unfair that a deportation order serve the goal of extradition: unnecessary because a country which wants someone extradited from Canada can request it; and unfair because extradition guarantees the safeguards of a criminal trial while deportation does not. Therefore, the Committee recommends that a person to be deported have the right to choose the country to which he wants to be deported, if that country is prepared to receive him (34:43).

132. Deportation carries with it a stigma and the consequence that, once deported, a person can legally re-enter Canada only by obtaining a Minister's Permit. The Committee found cogent the arguments of the Canadian Bar Association and the British Columbia and Canadian Civil Liberties Associations that there should be an additional, less drastic mechanism for removing people from Canada (067, 047, 34:48-9 respectively). It is unfair that a person having a right to a hearing of his case before a Special Inquiry Officer should forego it, in favour of departing voluntarily simply because the only possible outcome, if his suspected inadmissibility is confirmed, is the harsh one of deportation. The Committee therefore recommends the introduction of a "required to depart" procedure, to be used in cases of minor breaches of the Immigration Act or regulations.

133. A "required to depart" order should carry with it the same provisions for Special Inquiry and appeal as a deportation order now does. The rejection of an appeal of a "required to depart" order should be final. Anyone who fails to obey a "required to depart" order which is not subject to appeal or which has been upheld on appeal should be subject to deportation without further appeal.

134. The Committee considered suggestions that there be various additions to or deletions from the grounds for

deportation of persons who are not Canadian citizens. As previously mentioned, it recommends the addition of persons in Canada who counsel, aid, or abet others to come into or remain in Canada illegally. It rejected additions which would be unjustifiably harsh or discriminatory against landed immigrants or which would compromise guaranteed freedoms; for example, immigrants who go on welfare or apply for unemployment insurance within 10 years of arrival, or immigrants who are politically radical. It agreed with suggestions for two deletions: homosexuals, for reasons outlined in the foregoing discussion of prohibited classes; and persons who have been admitted to hospital for treatment of mental diseases, since the threat of deportation has made immigrants fearful of using mental health services. Furthermore, the present provision that any inmate of a penitentiary, reformatory or jail may be subject to deportation should be modified to provide that a landed immigrant is liable for deportation only if he has been convicted of an offence which comes under the class of crimes which would have prohibited his entry into the country, as previously recommended.

135. The Immigration Act provides that Canadian domicile is acquired by a person having his place of residence in Canada for five years after having been admitted as a landed immigrant. The significance of domicile is related to deportation. Landed immigrants without domicile are liable to deportation on a number of grounds, including commission of criminal offences and gaining initial entry illegally or fraudulently. Landed immigrants with domicile are not and, of course, landed immigrants who have requested and have been granted Canadian citizenship are not. While not wishing to see eligible immigrants request Canadian citizenship simply to protect themselves against possible deportation, the Committee is unaware of any valid reason for retaining the concept of Canadian domicile and believes that it is reasonable to offer inducements to encourage landed immigrants to acquire citizenship. It feels that landed immigrants should have certain rights to remain in Canada, including the protection from deportation provided by the powers of the Immigration Appeal Board to grant special relief for humanitarian reasons. But these rights should not be inalienable as they are for Canadian citizens. It therefore recommends that the concept of domicile be deleted from the Immigration Act.

Temporary Workers

136. In Canada, employment visas (usually called "work permits") can be issued to persons who wish to work in Canada on a temporary basis at jobs for which Canadians or landed immigrants with the necessary skills are unavailable for the time required. The employment visa system is designed at the same time to preserve job opportunities for Canadian citizens and landed immigrants and to meet employers' needs for temporary labour which cannot otherwise be filled. Included in the 87,341 work permits issued in 1974 were many different categories of workers—managerial, supervisory, and technical staff on training cycles in international corporations; entertainers; seasonal agricultural and factory workers; domestics; working "visitors" who secured many sorts of casual employment; and others.

137. The Committee was impressed with a number of submissions which expressed concern that certain categories of temporary workers can be exploited by being relegated to unattractive jobs, receiving low wages, working under poor conditions, and being ineligible for social benefits. Witnesses also stated that temporary workers can suffer psychologically from being isolated from their families, perhaps unable to speak the language or understand their rights, and from disillusionment on having to return to economic hardship after becoming acquainted with standards of living in Canada.

138. On the other hand, the Committee noted that protections and safeguards have been instituted in an attempt to ensure that wages and working conditions are at least of a standard deemed adequate for Canadians. Moreover, as a study commissioned by the Law Reform Commission of Canada observed, foreign workers are under no coercion to come to Canada and they are usually satisfied with the arrangement because Canadian wage levels are attractive to them (0240). The Committee recognizes that even during periods of high unemployment in Canada, there will continue to be a need for temporary and particularly seasonal workers in Canada. It therefore concerned itself with trying to identify where the problems lie.

139. Twelve per cent of temporary workers now come to Canada on special programs worked out with their governments. Jamaica and Mexico are the principal countries involved, and from contacts which Committee members have had with these governments it would seem that these arrangements are satisfactory to them.

140. Apart from a few hotel workers, most are seasonal agricultural workers who return to their families and do not expect to settle in Canada. Since they come forward under an inter-governmental agreement, the terms of work and remuneration are specified in detail, enforcement is more comprehensive than Canadian migrant workers enjoy, and the worker has recourse to the assistance of authorities of his country in Canada if his contract is not fully honoured. The Committee believes that these arrangements under which temporary workers come to Canada are satisfactory.

141. Some criticism expressed in testimony seemed to be based on the incorrect assumption that Canada has a "guest worker" program similar to those in a number of countries in Western Europe. While there may be cases in which several extensions to a work permit are granted, the Committee understands that most temporary workers stay for fewer than 200 days and that in 1974 over a third were in Canada fewer than 90 days. The situation with "guest workers" is quite different, and the Committee strongly opposes any movement in that direction in Canada. In this connection some witnesses, including the Canadian Labour Congress, advocated full Canadian compliance with the terms of I.L.O. Convention 97.* The Committee does not disagree, but notes that the Convention is really intended to protect "guest workers" who work in a country other than their country of citizenship on a regular and

* A Convention concerning migration for employment which came into force in January 1952 and provides protection for migratory, but not for temporary, workers.

long-term basis. The Convention is not designed to protect temporary workers, but the relevant provisions should be observed where practicable.

142. A serious complaint was made that Canadian employers have sometimes misrepresented workers' prospects when recruiting them. The Committee was given details of the unfortunate plight of textile workers from Colombia, some of whom gave up regular jobs to come to work in a mill at Louiseville, Quebec. The market for the company's products declined, and after a relatively short stay in Canada, the workers were released. The Committee believes this situation illustrates the danger of bringing workers on temporary work permits to fill positions which are not genuinely temporary and which should be filled by Canadians or landed immigrants. The Department of Manpower and Immigration must insist that work permits are issued only for genuinely temporary needs.

143. There is a corollary to this position. Where a persistent need for labour arises which Canadians are demonstrably not willing to fill in a specific locality, it should be possible, in conjunction with the provincial authorities, to identify the need, allot points for designated occupations, and find immigrants abroad willing to do the work—providing that the wage offered is comparable to that paid for the same job in similar communities in Canada.

144. A suggestion was made by the Canadian Civil Liberties Association that a temporary worker who loses his job should have a period of grace to enable him to arrange his affairs before being required to depart, or to find another job acceptable to Manpower officials (34:40). The Committee agreed courtesy requires that a temporary worker should have a reasonable time to arrange an orderly departure. But it was felt that, while a seasonal worker should be able to take a similar alternative seasonal job in the same locality with the approval of Manpower authorities, it would be inconsistent with the concept of a temporary work permit to allow a person to seek alternative employment as a means of extending his stay.

145. The Committee concluded that when filling labour needs for which no Canadians are available, or which Canadians are demonstrably not willing to meet, either now or in the reasonably foreseeable future, the emphasis should always be placed on immigration. It recommends that:

- foreign workers be recruited only for jobs that are genuinely temporary in nature, either because of the nature of the work or because Canadians being trained for the job are not ready;
- temporary workers be issued distinctive social security cards;
- extensions to work permits be granted only in exceptional circumstances;
- more regular and thorough inspection and enforcement of wages and working conditions be carried out in areas under the federal government's jurisdiction and that provincial governments be encouraged to do the same in their jurisdictions;
- greater efforts be made to persuade provincial or local authorities or union locals, whichever has the jurisdiction, to take a more generous approach to the matter of trade certification and apprenticeship of

immigrants and so lessen the need for temporary workers;

—an advisory board be appointed, representing the federal government and all provinces in which foreign workers are employed, to protect the rights of those workers;

—temporary workers not be obliged to pay unemployment insurance premiums because they are not eligible to collect benefits.

146. With regard to visitors the Committee agreed with the sentiment expressed by a study for the Law Reform Commission that "*visitors should visit, not work*" (0240) and recommends that no one be permitted to apply for work permits from within Canada. This would discourage visitors coming in the hope of finding work and staying.

147. The Committee found that the "waiver list" of categories of foreign workers who are permitted to accept jobs whether or not there are Canadian citizens or landed immigrants available is in need of revision. Specifically, it recommends that primary and secondary school teachers be removed from the list, and that the other categories be examined to ensure that the list continues to serve the purpose for which it was designed. It also supports the Government's stated intention to remove the special income tax exemption clauses for teachers when re-negotiating tax treaties with the countries now covered by such provisions.

148. It was brought to the Committee's attention that many temporary workers, while in Canada, gain experience and a familiarity with Canadian society which could make them particularly adaptable and attractive as immigrants. For those temporary workers who desire to become landed immigrants the Committee recommends that when being evaluated abroad their past success in Canada be given recognition in points assigned for "personal assessment." However it is opposed to allowing temporary workers to apply for landed immigrant status while in Canada.

Foreign Students

149. The Committee agrees that Canada should continue to welcome foreign students. It endorses the opinion of the National Union of Students that "*The diversity of backgrounds which (foreign students) bring to Canadian universities enriches the cultural milieu*" (0110). Study in Canada is consistent with Canada's endorsement of policies of free movement of people and ideas, and enables us to share our specialized skills. And the Committee recognizes that Canadian students studying abroad outnumber foreign students studying here. It feels that study in Canada enables young people to learn about and develop positive impressions of Canada.

150. If these benefits are to continue, however, the Committee believes that energetic action is required to combat abuses, and to this end recommends that all students be required to obtain valid student visas *before* arriving in Canada. However, the Committee believes that present regulations should be relaxed in one particular: the visa should be valid for the length of the intended period of study in Canada, subject to an annual report to a Canada Immigration Centre with proof that the student has qualified for the next year's program.

151. The Committee notes widespread parental and student anxiety that a large number of foreign students may be displacing some qualified Canadians from many universities and professional schools. In fact, however, the 1974 foreign student enrolment of roughly 32,000 represents less than six per cent of the more than 560,000 total student enrolment in full-time post-secondary education. But, surprising as it may seem, neither the federal nor provincial governments have foreknowledge of or control over the numbers of students accepted by educational institutions in Canada.

152. The Committee believes that there is need for closer scrutiny of colleges and schools accepting foreign students since there is evidence that some institutions are being used simply as a device for gaining entry to Canada. The Committee also suspects that some schools are attractive less for the specialized training which they offer—hairdressing is a case in point—than for the opportunity to work legally or illegally in Canada. The Committee recommends that the federal government seek the cooperation of the provincial governments in devising ways to prevent these and similar abuses.

153. The Government of Quebec, in its submission to the Committee, complained that it did not know how many foreign students were enrolled in provincially supported educational institutions. A system of accreditation, combined with fuller exercise of powers which the provinces now have to limit the number of foreign students any institution can accept would better enable the provinces and the institutions to respond fairly to the needs of both domestic and foreign students.

154. The Committee considered sympathetically the argument that all foreign university students, after successfully completing one year of study, should be permitted to compete for work on an equal basis with Canadian students during the session recesses. It was not easy for the Committee to reach a decision. Under current regulations, students are permitted to work only if a Canada Manpower Centre certifies that no Canadian is available for the job in question. The only exceptions to this rule are students whose jobs are integrally related to their course of study.

155. Committee members recognize that foreign students often need work to finance their course of studies just as Canadians do, that Canada does not want only wealthy foreign students, and that it is demoralizing for a student to be inactive during the recess. Some Committee members felt that since the number of foreign students seeking work is small in relation to the number of Canadian students, granting foreign students the right to compete equally for work would not significantly endanger Canadian students' opportunities and would bring other benefits. However, a majority of the Committee concluded that at times of high unemployment—when Canadian students experience difficulty finding jobs—the present regulations should be put into effect.

156. It has been suggested that inquiries by foreign students about possibilities for work are normally rejected out of hand. The Committee urges that Canada Manpower Centres be directed to extend their services more positive-

ly and sympathetically to foreign students seeking work during their recesses.

157. A foreign student appearing before the Committee argued that spouses of students should be admissible to Canada and allowed to work. The Committee appreciates the hardship of enforced separation in the case of married students, and accordingly recommends that spouses of persons on student visas be admissible and be permitted to work while those persons are studying in Canada.

158. Several submissions proposed that foreign students should be able to apply for landed immigrant status while in Canada. The Committee has taken the general position that aliens should not be able to change their status while in the country, and is particularly strong in its views in this instance. It favours a generous approach to foreign study in state-supported institutions as a form of international assistance; this would be undermined if foreign students were not encouraged to return to their homelands. Study in Canada should be for its own sake, and not be a way of immigrating to Canada.

159. A special problem was brought to the Committee's attention by the National Union of Students and a South African student. If foreign students cannot seek landed immigrant status while in Canada, must they go back to their homeland if there has been a change of government and they are in danger of imprisonment or other punishment on their return? The Committee believes existing arrangements or proposals discussed in this Report in the section on refugees are adequate to deal with this problem. It calls attention to the fact that Section 15 of the Immigration Appeal Board Act enables holders of a student visa to appeal any deportation order on just such grounds.

Services for Immigrants

160. During its hearings the Committee received considerable testimony concerning immigrant services and the inadequacy of present arrangements. Most of the services required by immigrants fall within the jurisdiction of the provinces and cities or are provided by voluntary agencies. However, the Committee agrees in part with an Italian immigrant living in Montreal who said: "*If Canada decides to accept immigrants, it is Canada's moral obligation to see to their needs and to make sure they do not fall into isolation or become alienated*" (16:49).

161. Because so few services for immigrants are the direct responsibility of the federal government, and will in any event not be provided for in the new Immigration Act, the Committee dealt rather briefly with this subject. It does not wish to imply however, that the problems are not serious and in need of urgent attention.

162. Fortunately many problems requiring counselling and settlement assistance have been handled by the members of ethnic communities already established in Canada, and private and public agencies have striven to meet many new needs. But there are serious problems of coordination. As the Jewish Immigrant Aid Services said: "*the system which we have is basically a fragmented system, . . . a policy has to be evaluated in terms of closer contact between government departments and the voluntary agencies in serving the immigrants*" (33:45). The Committee urges the Department of Manpower and Immigration to give increased attention

to the planning, development, and coordination of immigrant services and proposes that the federal government organize tri-level consultations with the appropriate provincial and municipal authorities, using as a model recent tripartite meetings on urban problems.

163. The immigrant's first contact with Canada is normally made in the immigration office abroad. Many submissions dealt with the problem prospective immigrants experience in securing adequate and accurate information. While some witnesses proposed a variety of pre-arrival services from language training to orientation, the Committee believes that all that is essential is good and accurate information and counselling to ensure that an applicant is making an informed decision to immigrate to Canada. Other preparation is of dubious value since only the very exceptional individual will retain information until he is face-to-face with the need for it.

164. The Committee did not have an opportunity to witness counselling abroad, but some members have observed post-arrival counselling procedures at Canada Immigration Centres. The Settlement Branch is directed mainly to helping the family breadwinner find a job and includes language training, rental assistance and small loans where needed. These particular services appear to be well organized and effective, at least in the larger centres.

165. Some immigrants and their families need additional services to adjust to life in Canada and to participate fully at work and in the community. Adequate and consistent funding is crucial for the success of immigrant settlement and service agencies. While the federal government brings immigrants to Canada, jurisdiction over immigration is shared with the provinces, who also benefit from the talents and skills of newcomers. Many witnesses involved in immigrant service organizations advocated federal government funding of private reception, settlement, and social service programs and agencies. The YWCA of Metro Toronto said, "*[Funding is needed] particularly to help coordinate the activities of teachers, public health nurses, manpower centres and all other groups who help immigrants but who work in isolation from each other and are not aware of the services needed and available to their clients*" (0114). The Committee advises that the federal government should review and expand its programs for support of voluntary agencies.

166. Three areas of services to immigrants were identified by the Committee as warranting special concern.

—As the Toronto School Board, the Board with the largest number of immigrant children, observed, 40 per cent of all immigrants are children, many of them accustomed to different cultures and languages than those found in Canada. There are already some shared-cost language programs for adults. In view of the special needs of many immigrant children, the Committee supports the principle of a federal contribution to the extra cost of educating immigrant children who require special training in English or French or other catch-up programs, providing these funds are clearly earmarked for the school systems.

—Attention was also directed to the particular plight of immigrant women, and especially wives and mothers. When they are not in the work force they have

little opportunity to learn the language and make personal contacts, advantages enjoyed by their husbands and their school-aged and working children. Many of them remain in the home isolated by language differences, and can become estranged from the community and even from their own families. It was pointed out that language training is the single most important need of these women. The Committee is aware that federal funds are made available to the provinces to finance courses organized through the adult education division of the schools. But Committee members gained the impression that not enough attention has been paid to this program by the responsible authorities and recommends that it be reviewed.

—A special problem brought to the attention of the Committee was the difficulty faced by immigrants from different cultures in coping with the Canadian legal system. Professor Frederick Zemans of Osgoode Hall and the Director of the Parkdale Community Legal Services said that immigrants often need special help with consumer and tenant rights, and with women's rights in marriage breakdown situations. The Committee agrees with a Toronto lawyer who suggested that licensed paralegal personnel should be trained to work in immigrant communities because "immigration consultants", frequently untrained travel agents, now working in these communities often give improper advice, overcharge, and take on hopeless cases (10:5-6). The Committee is concerned about these practices and suggests that the federal government consult with the provinces with a view to introducing some regulation in this field. The Committee further feels there is need for a concerted program to develop information, counselling and referral services in major immigrant communities.

167. Many submissions received by the Committee suggested that if Canada's record of successful multicultural adaptation is to be maintained, more attention must be given to the development of programs related to cross-cultural and inter-racial understanding. The Newfoundland Government (30:81) and Dr. André Raynauld, Chairman of the Economic Council of Canada (15:11), for example, believe there is a need to assess the nature and extent of intergroup tensions and to examine the likely impact of future immigration on community relations. The Committee concurs. Should an assessment show a need for significantly expanded national, community, and school programs to promote inter-cultural harmony, the Committee believes the federal government should explore with the provinces ways of encouraging and implementing such programs.

168. The Committee also considers that a federal Human Rights Commission with responsibilities for conciliation, public education programs, and the enforcement of human rights legislation would help to ensure fair and just treatment of racial and ethnic minorities. Human rights laws and multicultural education are essential if intergroup harmony and understanding are to be achieved.

Departmental Organization

169. The Committee received a variety of suggestions for separating Immigration from Manpower and combining it

with other related functions of government. Typical of these was the proposal of the Canadian Association of Social Workers that

"immigration could be better handled by a department . . . which could emphasize such cultural and social aspects of immigration as settlement services, citizenship and multi-cultural programs" (0208).

Others advocated maintaining the present link with Manpower.

170. The Committee was divided in its opinion. All members recognized the heavy burden borne by the Minister of the present Department, but while some felt this justified separating the two branches, others argued that Immigration would be the weaker and accorded to a junior and therefore, less influential Minister. Again some felt the link with Manpower led to exaggerated importance being attached to employment considerations, to which others replied that immigrants come essentially to improve their employment opportunities, and the link ensured the necessary collaboration between the two branches. There were other suggestions as well, that a new Department be established, called Immigration and Population, or that immigration be closely linked to regional development in order to put emphasis on human settlement.

171. Of the several proposals put to the Committee, the one which attracted most support was that Immigration be detached from Manpower and the Unemployment Insurance Commission and instead be linked with citizenship, multiculturalism and population to form a new portfolio. It was felt this represented a rational grouping of federal responsibilities, and a Minister with such a portfolio could expect to carry considerable weight in the Cabinet. Also, there was a widespread feeling that serious efforts should be made to strengthen the settlement services within the Immigration Branch.

Federal Provincial Cooperation

172. Federal-provincial cooperation is an area where the Committee feels substantial changes in practice are required. Vigorous efforts are needed to involve the provinces more closely in order to ensure that immigration policy reflects varied regional requirements. The Minister advised the Committee that he is committed to doing this, and it is apparent that serious efforts in this direction are being made. Quebec, the only province with an immigration act and an immigration department, is far ahead of the other provinces in assessing its needs and making them known at the federal level. The Committee is aware that the federal government would welcome other provinces following Quebec's example and hopes that collaboration will develop along the following lines:

—a permanent joint federal-provincial committee to coordinate the development and implementation of immigration policy including a consultative mechanism for identifying "designated communities" and for elaborating deportation and "required to depart" procedures;

—a provincial presence in immigrant selection; this could involve sending officers abroad for counselling and promotional duties under arrangements similar to

those provided by the Lang-Cloutier and Andras-Bienvenue Agreements between Ottawa and Quebec;

—collaboration on the scrutinizing teaching institutions receiving foreign students and on fixing the numbers of foreign students accepted by each institution;

—cooperation on immigrant services beginning with a joint evaluation of needs as requested by an ad hoc committee formed by Toronto Mayor David Crombie (041).

173. The Committee paid special attention to the political problem faced by Quebec as a result of the decisive fall in the fertility rate in the last 15 years. In the past, the high fertility rate of French-Canadians had compensated for the consistently small francophone immigration to Canada. To forestall a decline in the size of the French-speaking population in Canada, Quebec has found it necessary in recent years to look abroad more actively for French-speaking immigrants or for immigrants who more readily integrate into the French-Canadian community.

174. The Committee has received submissions from various groups and individuals on this subject. It has also been made aware of communications from the Government of Quebec to the Government of Canada, and has heard, in camera, two senior officials of the Quebec Department of Immigration.

175. The French fact is an essential element in the political and cultural life of Canada. Therefore, the Committee agrees that to the economic, social, and other considerations which normally enter into the formulation and application of immigration policy must be added a concern for the maintenance of the French-Canadian presence in healthy and thriving condition. The Committee realizes that this goal cannot be achieved primarily through immigration policy. But it considers that the Government of Canada should not refrain from any reasonable effort within the limits of its jurisdiction which could contribute to the realization of this objective. For instance, the Committee would approve of increased activity to encourage immigration from Latin American countries because people with a Latin cultural background usually integrate easily into French language communities in Canada.

The Statute and Regulations

176. Under the present system, immigration law com-

prises mainly statutes enacted by Parliament and regulations introduced by the Government from time to time under the authority granted by the Immigration Act. The Committee sees no alternative but to maintain a balance between a basic act which establishes the framework of principle and regulations which set out the procedures for putting the principles into effect.

177. However, as the Green Paper admitted, "*the essential criteria governing admissions to Canada are dispersed through the [present] Act and Regulations [somewhat haphazardly]. This makes it unnecessarily complicated for anyone who merely reads the Act to grasp the fundamental principles and conditions that surround the admission of immigrants and non-immigrants*" (Green Paper I, p. 66). Therefore, the Committee recommends that a new Immigration Act contain in its initial provisions a clear statement of principles and objectives including those pertaining to admission, non-discrimination, sponsorship of relatives, refugees, and the prohibition of certain classes of persons. Operational details and procedures should be specified in regulations. These should continue to be published in the Canada Gazette, and presented as well in a form readily accessible to the public and available to prospective immigrants. Significant changes in regulations should be explained and defended before the Standing Committee on Labour, Manpower and Immigration; where possible this should be done before they are put into effect. The Committee objects to the practice of in effect issuing regulations in the guise of confidential departmental directives.

178. The Committee noted that Minister's Permits were used in more than 16,000 instances in 1974 to supercede in special circumstances certain provisions of the Act and regulations; many of these were for refugees. With the new Act there may be considerably less need for recourse to Minister's Permits. Nevertheless, the Committee wishes to see the discretionary power provided by Minister's Permits retained because it allows for an element of flexibility sometimes needed to ensure humane treatment of exceptional cases.

Respectfully submitted,

Maurice Riel,
Joint Chairman

THE SENATE

Wednesday, November 12, 1975

The Senate met at 8 p.m., Honourable Maurice Bourget, P.C., Speaker *pro tem* in the Chair.
Prayers.

NEW SENATOR

The Hon. the Speaker *pro tem*: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Paul Henry Lucier, Esquire, has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker *pro tem* having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and was seated:

Hon. Paul Henry Lucier of the City of Whitehorse, Yukon Territory, introduced between Hon. Raymond J. Perrault, P.C., and Hon. William J. Petten.

The Hon. the Speaker *pro tem* informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

PRIVILEGE

STATEMENTS BY LEADER OF THE GOVERNMENT—CANADIAN PRESS REPORT

Senator Flynn: Honourable senators, I rise on a matter of privilege affecting not only Progressive Conservative senators but the Senate as a whole.

The matter arises out of statements made by the Leader of the Government in the Senate outside the chamber and reported, over the weekend, by the Canadian press. Let me quote the parts of this news report which are relevant to the question with which I wish to deal.

Senator Perrault is quoted as having said:

1. "The Senate will take action within ten minutes to investigate the Giguère affair if Opposition senators demand it."

2. "But, no specific allegation of wrongdoing has been made by any Opposition senator or M.P."

Referring to Mr. MacKay, the Progressive Conservative who sits in the House of Commons representing the electoral district of Central Nova and who presented on behalf

of three Canadian citizens the petition which gave rise to this whole matter, Senator Perrault is reported to have said:

3. "He has yet to make an allegation or one specific accusation."

4. "Conservative senators have not even mentioned the issue publicly."

5. "Speaking on behalf of Senator Giguère, Senator Perrault said that a full inquiry would be welcomed, but that no action had been taken by the opposition senators to request such an inquiry."

Honourable senators, these words of Senator Perrault's are pregnant with innuendo, and I cannot allow them to go unchallenged.

When Senator Perrault says that an inquiry will be started within ten minutes if the members of the Opposition in the Senate so request, his statement gives rise to the several following questions:

Are we to assume that the Government Leader is of the opinion that a matter such as the one at hand should be of concern only to the senators who sit in the Opposition?

Should not the matter which seems to be involved here preoccupy all members of the Senate?

Do not the Leader of the Government and all members of the Liberal majority consider that they have equal responsibility in seeing to it that a matter such as this is thoroughly gone into?

Just what is the Leader of the Government trying to suggest? Is he trying to suggest that the silence of the Official Opposition in the Senate on this matter last week is to be interpreted as our not thinking that an investigation into this matter is warranted? Or is the Government Leader insinuating that the Official Opposition would be happier were there not to be a thorough and complete investigation into the matter?

Was all this an attempt on the part of the Government Leader to provoke the Opposition in the Senate into requesting a Senate inquiry so that the government party could then turn around and accuse us of witch-hunting? Or is it the Government Leader's opinion that a committee of the Senate, composed necessarily of a Liberal majority, would be better equipped than any other body to investigate possible criminal matters which involve several people other than Senator Giguère?

Is the Opposition justified in concluding—when Senator Perrault, "speaking on behalf of Senator Giguère," invites a complete investigation—that the Government Leader is already satisfied that Senator Giguère was involved in absolutely no wrong-doing?

Senator Perrault's statement of last weekend has given rise to so many and to such important questions that I now

find myself compelled to make our position in this matter very clear.

A petition was presented to the House of Commons on November 3 last praying that the whole matter of the renewal in 1972 of a lease held by a firm known as Sky Shops Export Limited for the operation of a duty-free shop at Dorval Airport, including the part played by Senator Louis Giguère therein, if any, be fully investigated.

On November 4, Senator Giguère made a statement in this house giving his version of the part he is supposed to have played or not played in this matter, offering at the same time to answer any questions which senators might wish to ask him in connection with his participation, if any, in this whole matter.

As Senator Perrault is quoted as having said, and quite correctly, the member of the House of Commons who presented the petition on behalf of three Canadian citizens has made no allegation nor any specific accusation against our colleague.

According to press reports, Senator Giguère's parliamentary office—and that is another problem—his Montreal office and his domicile were searched by the RCMP. This would seem to suggest that some sort of an inquiry has already been launched into this matter.

We of the Official Opposition in the Senate are of the opinion that the problem appears to concern not only Senator Giguère, but also several other persons. The Senate, up to now, has been invited to examine only the participation of Senator Giguère in this whole matter. That would represent only one aspect of the question.

The declaration made in the Senate by Senator Giguère on November 4 at no point and in no way constitutes *prima facie* evidence of any action contrary to the Senate and House of Commons Act, or to the Criminal Code.

The Official Opposition in the Senate is, therefore, of the opinion that the only appropriate way to deal with this matter is by means of a judicial inquiry. Such an inquiry, if it has not already started, should start immediately and should cover all aspects of this matter.

At this time, the Official Opposition in the Senate considers that it does not have any evidence to justify an inquiry by the Senate or one of its committees into the part played in this matter by Senator Giguère.

The Official Opposition in the Senate also fears that were an inquiry by a committee of the Senate to run parallel to a judicial inquiry, this might well result in certain conflicts and would certainly involve useless duplication of effort.

● (2010)

If, following a judicial inquiry or otherwise, evidence is brought to light implicating our colleague in some serious wrongdoing, and consequently involving the privileges of the Senate, the Official Opposition will immediately request that the Senate or a committee thereof be seized of the question and directed to determine what the Senate can and should do about it.

In the meantime, the Official Opposition in the Senate refuses to become the accomplice of any who would want an unjustified charge to be made against Senator Giguère,

[Senator Flynn.]

or of any who would like to see the matter buried prematurely.

I would like to add that Senator Perrault should be much more prudent when he tries to counsel the Official Opposition on how to conduct its business.

I have the sneaking suspicion that when Senator Giguère read the Canadian press reports concerning what Senator Perrault had said over the weekend, he probably ended up saying to himself, "God, deliver me from my friends; my enemies I can look after myself."

[Translation]

Honourable senators, in that line of thoughts inspired by the untimely statement of Senator Perrault, I remembered Lafontaine's fable titled "L'ours et l'amateur de jardins".

You remember the bear who wanted to chase a fly away from the head of his companion and threw a paving stone at it, killing both the fly and his friend at the same time.

Lafontaine concludes that one is better off with a wise enemy.

[English]

Senator Perrault: Honourable senators, I note with a great deal of enthusiasm the statement which the Leader of the Official Opposition has finally made on this subject. I think we all appreciate hearing this evening what in the main has been a thoughtful contribution to the dialogue concerning the matter of the Sky Shops Company and its leases and our honourable colleague, Senator Giguère.

I must say at the outset that long ago I lost my simple, childlike faith in the capacity and ability of the media to faithfully transcribe in accurate detail everything said by any of us who are in public life. In saying this, however, I want to assure honourable senators that I am not retreating into the rather predictable and commonplace political defence that "I was misquoted." Some of the quotations are accurate, but they are necessarily incomplete. My remarks, made over the weekend to the media, were made during a very hectic meeting with some of my political associates during which we were discussing important matters of state and party. My views were designed to provide reassurances to members of the media, some of whom have been critical of what is alleged to be lack of interest or action on the part of senators, regardless of party, in what they appear to believe is an important matter of public concern. In the course of explaining the position of the Senate on this matter, I reminded them that Senator Giguère had made a rather complete statement about his personal position, and that he had said, and here I quote from page 1348 of Senate *Hansard*:

I never asked any member of Parliament, senator, cabinet minister, or any official of the government, to favour any request by Sky Shops Export Ltd.

He went on to say:

There was never any conflict of interest... If, however, some honourable senators believe that there is, or was, any conflict of interest on my part, I would welcome an inquiry by an appropriate committee of the Senate, and I would be pleased to appear before such committee.

I reminded the media of those remarks of Senator Giguère. I said that under our system of parliamentary

democracy a senator had made a statement offering to appear before a committee of the Senate, but that as yet no senator on either side of the house had made any allegations of wrongdoing, because, perhaps, an investigation was under way. I said that without any evidence of wrongdoing by Senator Giguère, the issue had not been raised by members of the government and that if there were doubts in the minds of Her Majesty's loyal Opposition they should raise them, but I said that no one had made any allegations as yet. This is precisely what was said. I did not at any point say that I was speaking on behalf of Senator Giguère, who is totally capable of speaking on his own behalf.

Senator Flynn: May I ask the government leader if he said "because an investigation was under way"?

Senator Perrault: Yes, I said that to the media.

Senator Flynn: I don't know that I am reassured that what happened last Friday was in relation to an investigation.

Senator Perrault: I said that an RCMP investigation was under way. In the course of this evening I hope to provide some details.

I made the point to the media that Senator Giguère had made his statement to the Senate concerning an alleged stock transaction involving certain shares in the Montreal-based company, Sky Shops Export Limited. I reminded the media that the senator had invited an inquiry into his alleged actions and had offered to appear before a Senate committee. I said that, as yet, no one in Parliament had made any accusations against the senator, but I observed that there appeared to be a great many innuendos around. I said I rather regretted the fact—and I must admit this—that there seemed to be some people who day by day appeared to prefer having further innuendos circulated by the media than to having the type of investigation which would enable the facts to become known. You know, for some there may be certain publicity advantages, which I am unable to fathom, associated with this process of circulating innuendos. I stated that as yet no motion calling for an inquiry had been made from any quarter in the Senate. I said that if any such motion were made in the Senate, the government would act as quickly as possible to have the matter referred to the appropriate committee for an investigation.

Senator Flynn: The government?

Senator Perrault: Well, I think the honourable senator knows what I mean. The government would support such action in the Senate and I do not think that any member of this chamber would disagree with that position. I did suggest that there appeared to be a predilection for some—and I had reference to certain spokesmen primarily in the other place and certain people in the media—to day by day make available and circulate certain additional alleged information concerning the transactions of Sky Shops Export Limited and the senator. With some justification one might assume that in some quarters at least there appears to be a greater interest in the propagation of new innuendos each day and the attendant publicity in the media than there is in an objective discernment of the facts. However, I agree with what the honourable senator said this evening, that the proper course of action is for a

thorough investigation to be made of the available documents and any other relevant material. To assist the process, anyone with information should come forward immediately and make it available to the Royal Canadian Mounted Police. It is my view that after an analysis of the evidence has been made, the government may well have to consider whether there should be a judicial inquiry or whether to refer the findings of the investigation to the Attorney General of the Province of Quebec for him to consider the laying of charges.

In any event, it is my understanding that the following is the sequence of what has happened so far. On November 3 of this year Mr. Elmer MacKay, the member for Central Nova, presented a petition to the House of Commons, as the honourable Leader of the Opposition has stated. On November 5, Mr. MacKay sent certain documents to the Solicitor General of Canada, who, I understand, reviewed the documents the same day and immediately referred them to the Royal Canadian Mounted Police for further investigation. The record shows that there is no basis in fact for the suggestion that somehow there has been any "cover-up" or inordinate delay by the government.

● (2020)

I understand that on the following day, November 6, the RCMP were authorized to conduct a search of Senator Giguère's Senate office and his office in Montreal. In this connection, other important questions arise, as the Honourable Leader of the Opposition has stated. The search warrant was signed by a justice of the peace in Montreal. On November 7, the search of Senator Giguère's offices took place.

In this whole process the government has held nothing back. All available information has been turned over to the Royal Canadian Mounted Police. There has been no limited "in-house" investigation; there has been no attempt to confine the investigation to the efforts of any governmental department.

Honourable senators, it is my belief that if any wrongdoing is discerned, the appropriate and proper action will be taken by way of a judicial inquiry and the evidence and material will be turned over to the Attorney General of Quebec.

I agree with the Honourable Leader of the Opposition that at that time, when the facts become known, we may be called upon to investigate any matters which may relate to our colleague and to this chamber.

Senator Flynn: I wish to thank the Leader of the Government for his statement, because, in effect, he agrees with the position I have taken and has absolved the Opposition of exclusive responsibility in this matter.

Senator Perrault: I wish to add further that I think the Opposition in this place acts very responsibly most of the time.

UNITED NATIONS

CONDEMNATION OF ASSEMBLY RESOLUTION

Senator Croll: Honourable senators, I rise on an urgent and pressing matter and ask leave to move a motion, seconded by Senator Walker, in the following terms:

The Hon. the Speaker pro tem: Is leave granted for the honourable senator to move his motion?

Hon. Senators: Agreed.

Senator Croll: The motion reads:

That the ganging up in the United Nations of member countries from Africa in particular, and from other parts of the world, to bring about the adoption of resolutions in the United Nations which are contrary to the principles inherent in the charter and which are unjust to the nations against whom they are directed is dangerous to the continued existence, even survival of the United Nations.

And further that in the opinion of this house the iniquitous resolution passed by the United Nations Assembly last weekend against which Canada cast its vote which denounced the State of Israel as a racist nation is, in the opinion of this house, unmerited, untrue and deserving of the unqualified condemnation by this house and by all peoples who believe in freedom and world peace.

This motion, in those terms, was presented this afternoon in the other place by the Right Honourable John Diefenbaker and was unanimously accepted by the House of Commons without debate. I ask that the motion be adopted by the Senate in a similar manner.

Senator Bélisle: Honourable senators, I support wholeheartedly the resolution, but may I be permitted to ask if the sponsor would change two words in his motion? In the beginning of his motion he uses the words "ganging up", which could be construed as meaning gangsterism. I do not think that is an appropriate term to use in the Senate; it is unparliamentary.

Senator Croll: Those are the exact words used in the other place. I did not make any changes. I thought that would be the best way to handle it.

Senator Flynn: Is it in the form of a motion?

Senator Croll: Yes.

Senator Flynn: I thought it was being treated as a Notice of Inquiry.

Senator Croll: I said at the beginning that it was a motion.

Senator Flynn: It is just a matter of form. I thought it would be better in the form of a motion.

Senator Croll: I did make a motion.

The Hon. the Speaker pro tem: I would ask the honourable senator to give me a copy of his motion. What I have here is a Notice of Inquiry, but the honourable senator has referred to it as a motion. I thought it would be better made when we reached Notices of Motion. However, leave has been granted, so it is in order.

Senator Fournier (de Lanaudière): Honourable senators, I share the opinion of Senator Croll. When I read this in the papers my first reaction was one of disgust. There is nothing real in it. However, I also share the opinion of Senator Bélisle that "ganging up" is not a proper Senate expression. I think that should be altered; we should find a more appropriate expression which means the same thing.

Senator Bélisle: Joining up.

Senator Flynn: Aligning.

Senator Fournier (de Lanaudière): In my experience of political life I have had occasion to meet all kinds of people from different countries. I have always been able to get along with all of them. I say most humbly that in my opinion the words used in the United Nations—their expression, their motion and their action against the Jewish people—were completely out of order. They concerned a nonsense that has never existed. I hope the Senate will unanimously share the opinion suggested in Senator Croll's motion, which motion should have been presented, I think, by another senator, one who is not of the Jewish faith. However, that is another matter.

Senator Rowe: Did I understand Senator Croll to say that these were the exact words used in the motion in the other place?

Senator Croll: Yes, I did.

Motion agreed to.

THE SENATE

PARLIAMENTARY IMMUNITY—QUESTION OF PRIVILEGE

Senator Prowse: Honourable senators, I rise on a point of order.

It is my understanding that on the basis of a search warrant issued by a justice of the peace—

Senator Flynn: We are not at the Question Period yet.

Senator Prowse: This is not a question; it is a point of order.

The Hon. the Speaker pro tem: I understand that the Honourable Senator Prowse is rising on a point of order. Is that correct?

Senator Prowse: Yes, on a point of order.

Senator Flynn: On a question of privilege?

Senator Prowse: A question of privilege, if you like that better.

Senator Flynn: There cannot be any point of order.

Senator Prowse: I think we will get along more quickly if we just let it go at that.

On the basis of a search warrant issued by a justice of the peace in the province of Quebec a search was allowed of the office of a member of the Senate of Canada within the last two or three days. Regardless of all the other matters that may have been referred to earlier, I think it is incumbent on this house to stand up right now and make something very clear to everybody, namely, that no one has the right to search my office or any other office in this house. Nobody, except a committee of this house, has the right to issue an order to search a senator's office or, if a member of the other place is concerned, a properly appointed committee of that house. We are not subject to provincial law. We are not subject to federal law, except where we bind ourselves. It is a breach of the independence of Parliament that anybody should be permitted to go into my office, your office, or the office of any other member of Parliament and search private papers, without an order of the particular house, after a proper inquiry has been held by a committee of that house.

● (2030)

Senator Walker: Honourable senators, my honourable friend is generally correct in what he says, but I do not think he is quite correct this evening. In respect of anything to do with the civil law, a writ cannot be served here. The sheriff has no place in this house. If it is a criminal matter—and this does involve a criminal matter—we have not the same sanctum; we have not the same immunity. There is a very distinct difference.

My honourable friend, a learned lawyer, will be one of the first to appreciate that.

Senator Prowse: With all respect, honourable senators, I do not want to draw this out but most of us are old enough to remember—and Senator Walker certainly is—that just after the war there was what was known as the Gouzenko affair. There was a member of the House of Commons by the name of Rose. The courts of this country thought it very important, in the circumstances that were then being investigated, that Rose should be required to appear before the courts. But they could not touch Rose as long as he stayed within the precincts of the house.

An Hon. Senator: No, no.

Senator Prowse: Yes, it is true. The house itself then dealt with that difficulty by denying members the right to stay in the building past midnight.

There are ways of dealing with things, but there are also ways of maintaining rights. There is no way, in a civil or federal matter, that a justice of the peace in Quebec can issue an order against a member of Parliament, as I happen to be—a member of the Senate from Alberta, who is resident in Ontario—for him to answer for anything. As a matter of fact, I do not think even a justice of the peace in Ontario can so require me as long as I am in this house, unless I willingly submit to the jurisdiction—which I might choose to do.

Let us not permit for one moment the rights and independence of a free parliament to be whittled away by becoming, all of a sudden, very magnanimous because we want to look well. Let us deal with our problems as they ought to be dealt with—properly, fairly and with justice.

An Hon. Senator: And legally.

Senator Prowse: And legally, but not by this kind of arrant nonsense.

Senator Benidickson: Honourable senators, I have been here all weekend and yesterday, which was an official holiday. I have been disturbed about the matter that has been referred to by Senator Prowse.

I had prepared a question relating not to personalities but to parliamentary orders and procedures. I wonder, as this subject has been introduced here now, if I could have unanimous consent to ask the question now rather than in the normal place on the Order Paper?

The Hon. the Speaker pro tem: Has the honourable senator leave to ask his question now?

Hon. Senators: Agreed.

Senator Fournier (de Lanaudière): Honourable senators, speaking to the point of order raised by my honourable friend a moment ago—

The Hon. the Speaker pro tem: Order, please. Senator Benidickson requested leave to ask his question now because it relates to the subject raised by Senator Prowse. After Senator Benidickson has asked his question, then I will allow Senator Fournier to make his comments, unless he wishes to raise another point of order or question of privilege. If Senator Fournier merely wishes to comment on the question of privilege raised by Senator Prowse, I will allow Senator Benidickson to carry on with his question first.

Senator Benidickson: Honourable senators, I gave notice of this question to a number of senators, who showed some concern about happenings over the weekend adjournment that we read about in the newspapers. I gave a copy of my proposed question this afternoon to the Leader of the Government and to the Leader of the Opposition and to several other senators.

It now has to be amended slightly. I was going to say, "I understand a search warrant was executed last Friday." Well, we have heard already this evening, in discussion between the Leader of the Opposition and the Leader of the Government, that indeed a search warrant was executed within the precincts of the Senate on Friday, November 7, 1975, and I was told that Senator Giguère did not object.

Indeed, my question does not involve the personality or the personal position of my colleague, Senator Giguère, because I am informed that he consented, in this instance, to the entry to his office.

Therefore, I would question the Leader of the Government upon points of established parliamentary practices.

1. Whether police searches can be made in the offices of members of either of the Houses of Parliament without warrant?

2. Whether the procuring of a warrant to make such a search entitles authorities to search the office of a member of this house or the other house and seize documents in the process?

3. Upon whose authority in this instance was an application for a search warrant made?

4. Could a private citizen obtain such a warrant in the course of

(a) a civil proceeding?

(b) a criminal proceeding?

5. What precedents, if any, are there for an office search of a member of the Parliament of Canada?

6. What privileges or immunities apply to members of both houses with respect to search for and seizure of documents?

Senator Perrault: Honourable senators, naturally, certain developments this past weekend have been of concern to many of us. Certainly it has been of concern to me, as Leader of the Government. So, I have had a rather intensive investigation under way with respect to those events and to a number of questions raised by honourable senators.

Before I provide what I hope will be some enlightenment on the situation, I suggest that it may be very appropriate to refer the question of senatorial immunity and associated

questions to the appropriate committee of the Senate. I think it may be of real value to have those questions studied by an appropriate committee when it is feasible for us to do so.

Senator Prowse: Why not now?

Senator Perrault: Certainly one fact emerges from the incidents of the weekend: there are questions in a number of these areas about how far police authorities may go with respect to searches of offices in the Senate and in the other place.

With your permission, I have a short statement which describes the weekend incident and the sequence of events in so far as I have been able to ascertain the facts.

● (2040)

On Friday, November 7, 1975, at approximately 9.30 a.m., four men dressed in business suits entered the Senate entrance of the Parliament Buildings and asked the constable in charge if they could see Her Honour the Speaker. The constable asked for their names and telephoned the Speaker's office. The Speaker's secretary, Mrs. M. Boulay, told the constable that the Speaker would see them if he would bring them up to her office, which he did. In the Speaker's office Inspector Stamler of the RCMP explained to the Speaker that they wanted to search Senator Giguère's office, and showed her a search warrant issued at the Court House, Montreal, on November 6, 1975, by a Justice of the Peace in and for the Province of Quebec. Attached to the search warrant was an endorsement issued by a Justice of the Peace in and for the Province of Ontario authorizing the execution of the warrant within the judicial district of Ottawa-Carleton.

The Speaker invoked the parliamentary privilege of senators, whereupon the Inspector replied that it did not apply in this case.

The Speaker then called the Gentleman Usher of the Black Rod and when he arrived in her office, after having been told of the object of the visit by the inspectors, he suggested that Senator Giguère be called by telephone at his Montreal home. The Speaker readily agreed to that suggestion. Black Rod telephoned the senator, who told him that he knew all about the search warrant. He said that in fact the police were already searching his home and his Montreal office. While I understand that he did not give specific approval for a search, he did not raise any objection to his Senate office being searched, because he believed it to be almost, in effect, a *fait accompli*.

While the inspectors were in Senator Giguère's office, in the presence of Mr. Walter Maheux, Chief of the Senate Protective Staff, Black Rod went to the office of the Clerk of the Senate and showed him the search warrant. The Clerk then asked where the inspectors were, and was told that the search was in progress in Senator Giguère's office.

The Clerk immediately called Mr. R. L. du Plessis, Acting Assistant Law Clerk, who came to his office, and together they examined the text of the search warrant, looked up the Criminal Code sections referred to in the warrant, and took note of the description of the documents that were the object of the search. Black Rod left to go back to Senator Giguère's office, but the Clerk took from him the search warrant that he had and left it in the custody of the Law Clerk. A few minutes later Black Rod

informed the Clerk that the search was completed and that the inspectors were leaving the building.

Precedents quoted in the authors—that is, May's *Parliamentary Practice*, Eighteenth Edition, pages 89 and 90, Bourinot's *Parliamentary Procedure*, Fourth Edition, at page 43, and Beauchesne's *Parliamentary Rules and Forms*, Fourth Edition, citation 103(1)—refer to arrests on parliamentary premises, and the authors all agree that the privilege is not claimable for criminal offences.

In the present case—that is, entry into a member's office by the police—the most recent precedent is found in a question of privilege raised in the House of Commons on September 4, 1973, by Miss Flora MacDonald, member for Kingston and the Islands, and I would refer you to page 6179, *House of Commons Debates*, 1973.

Miss MacDonald's question of privilege concerned the fact that on the preceding Friday her parliamentary office was visited on two occasions by members of the Ottawa City Police Force and the RCMP, without first having sought an appointment, or without the Speaker's permission or that of his staff. It was agreed that Miss MacDonald had a *prima facie* case of breach of privilege, and that the motion to refer the matter to the Committee on Privileges and Elections should be put without debate. The motion was agreed to.

On September 21, 1973, the committee reported to the house—and I would refer you to page 567 of the *Journals of the House of Commons*, 1973-74—that it had held eight meetings and had adduced evidence from seven witnesses and had agreed to make the following observations and recommendations:

1. It is well established that outside police forces on official business shall not enter the precincts of Parliament without first obtaining the permission of Mr. Speaker who is custodian of the powers and privileges of Parliament.

2. The testimony heard by the Committee discloses that outside police forces while on official business, obtained entrance to the West Block and proceeded to the office of the honourable Member for Kingston and the Islands without having obtained the permission of Mr. Speaker. Accordingly, the Committee must find that the question of privilege of the House of Commons is well founded.

3. The Committee however is of the opinion that the police forces in question acted in good faith. This Committee therefore respectfully recommends to Mr. Speaker that he remind the outside police forces and the security staff of the House of Commons of their respective obligations in this regard, and that no further action be taken.

In the matter directly concerning the Senate—that is, the search made in Senator Giguère's office—a search warrant had been issued. I have been advised that the RCMP did obtain permission from the Speaker, the senator concerned was notified and raised no objection, and the Chief of the Senate Protective Staff was present in the senator's office while the search was being conducted.

Honourable senators, having given that statement to you, I have no doubt that other questions will arise, and, insofar as I am able, I will certainly obtain replies to them

and to the number of questions already asked this evening by Senator Benidickson.

I still believe, however, that the question of immunity and the right of search are of grave and fundamental importance to the Senate.

Senator Benidickson: To both Houses of Parliament.

Senator Perrault: These and associated questions should be referred to an appropriate committee at the earliest opportunity so that there is no doubt at all about what constitutes parliamentary immunity and its limits, and whether these apply to the Senate in the same way as to the other place.

Senator Walker: Would the Leader of the Government put on record the appropriate sections of the Criminal Code to which he referred earlier, or has he already done so?

Senator Perrault: Yes, if possible, this information will be placed on the record.

Senator Prowse: Honourable senators, without intending to interfere in any way, may I say that in my opinion this is too important a matter to be allowed to drift even for a moment. I would ask leave of this house to move that this whole matter be referred to the Standing Senate Committee on Legal and Constitutional Affairs for investigation and report at the earliest opportunity.

Senator Flynn: Honourable senators, I wish to state that I hold the same views as those expressed by the Leader of the Government. Our sources of information are obviously alike. With respect to the definition of the immunity of members of the Senate, their immunity has always been extended to civil matters, but not to criminal matters as such.

With regard to the procedures which should be followed in circumstances such as those which existed on Friday last, it would seem to me valuable for the Senate to have a committee draft some regulations which would guide the Speaker and the staff of the Senate henceforth. The point is that if the procedure which was followed last Friday were to be used for other purposes, real problems concerning the immunity and freedom of action of members of Parliament might well develop.

For those reasons I am in accord with Senator Prowse's motion to refer the matter to a committee. I have no particular committee in mind at the moment. Senator Prowse mentioned the Standing Senate Committee on Legal and Constitutional Affairs, whereas Senator Langlois mentioned a committee on privileges and elections. However, a committee on privileges in the Senate would involve the whole Senate.

Senator Langlois: Yes, but we could form a subcommittee.

Senator Flynn: Yes, that is true. Perhaps the appropriate thing now is to leave the matter until tomorrow at which time the Leader of the Government can move a formal motion, either creating a special committee to deal with the particular problem or referring the matter to a standing committee such as the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Perrault: Honourable senators, I appreciate the constructive remarks which the Leader of the Opposition has made, and also Senator Prowse's proposal that the matter be referred to the Standing Senate Committee on Legal and Constitutional Affairs, or some other committee. Indeed, I am prepared to bring a motion forward tomorrow to that effect, if it seems the most appropriate way in which to proceed.

● (2050)

Senator Croll: Honourable senators, I do not like mentioning such things, but at this particular moment I can think of three precedents within my time in both chambers when the police came in under one circumstance or another, and I think that before we jump into these questions those precedents ought to be presented for our consideration.

I share the view that on both occasions this was handled rather awkwardly but, on the other hand, when we are dealing with criminal matters we had better be a little careful.

Senator Flynn: That is what I said.

Senator Croll: So let us give the matter a little thought. I think the leader ought to make sure that all the precedents are presented to the Senate before we are asked to make any decision.

Senator Flynn: When the Leader of the Government puts his motion tomorrow he can bring them to the attention of the Senate, and the learned senator can also give us the benefit of his memory if he so wishes.

Senator Croll: Senator Forsey may be able to help.

Senator Forsey: Honourable senators, I am waiting to hear the honourable gentleman. I have a couple of minor questions that I would like to ask.

The Hon. the Speaker pro tem: Does the Honourable Senator Forsey have a question to ask on the particular matter that is before the Senate at the moment, or will he wait until we reach the Question Period?

Senator Forsey: Arising out of the statement that has been given to us, honourable senators, there are just one or two details which, on account of my hearing infirmity, I may not have caught.

Did the Honourable Leader of the Government mention the sections of the Criminal Code that were concerned? Because if so, I did not hear them.

Senator Perrault: Honourable senators, I shall certainly undertake to provide any sections which are in the transcript.

Senator Forsey: I hope that if this matter is investigated further, whether by the Senate as a whole, or by a committee, two things will be investigated particularly: One is this business of Senator Giguère having raised no objection. If I got correctly what the Leader of the Government said, it was that Senator Giguère raised no objection because the thing was already a fait accompli. If this is so, then I do not think this particular failure to raise an objection is very material.

The other question I would like to see investigated is whether, in any event, the consent by a senator to have

this done in fact takes away the privilege. Is it an effective waiver of the privilege, or is it not?

Those are the things I would like to have enlightenment on, whether from the Senate as a whole, or from whatever committee investigates the matter.

Senator Perrault: I can only say that in my discussion with Senator Giguère I believe that he stated that he was contacted while the law officials were in his office and asked whether he had any objections. He said that really there was no point in entering an objection because in fact the search had virtually been accomplished, or was about to be accomplished.

A number of questions are inevitably going to arise, however, and if such is the mood and feeling of the house I shall undertake to bring in an appropriate resolution tomorrow so that the questions of immunity and search can be discussed further here, and then, perhaps, again in committee.

Senator Denis: I want to know, honourable senators, if they were in the senator's office or in Madam Speaker's office.

Senator Flynn: In the Montreal office.

Senator Denis: He said it was a fait accompli as far as Montreal was concerned, but was this so as far as Ottawa was concerned?

Senator Rowe: Honourable senators, I got the impression when the Leader of the Government was speaking that it was from the Speaker's office that Senator Giguère was contacted, not when the law officials concerned had already entered his office. I also got the impression—and I am putting this as a question—that the honourable senator concerned did not at any time give his approval, but did say, as I understood the statement made by the leader, that there was no point in registering an objection at that stage because it was un fait accompli.

I must confess that like Senator Forsey I do not understand the significance of un fait accompli at that stage.

Senator Perrault: May I simply go over the transcript again? Black Rod telephoned the senator, who told him he knew all about the search warrant. The senator was in Montreal at the time. He said that, in fact, the police were already searching his home and his Montreal office. While he did not give specific approval, he did not raise any objection to his Senate office being searched, because it is my understanding that when the call was put to him in Montreal the police officials were already in his Senate office.

Senator Denis: In his Senate office, but not in his Montreal office.

Senator Perrault: I must say that this is open to interpretation, and I do not want to place yet another interpretation on it.

Senator Asselin: I would like to know what answer he gave to Black Rod when he was called in Montreal. Did he say he had some objection to the search, or did he say, "I have nothing to say"?

Senator Perrault: I can only attempt to recall my conversation with Senator Giguère this evening. I discussed it with him, and made some notes because there was some

doubt in my mind. I said, "Did you in fact raise an objection to your Senate office being searched?" He said, "I raised no objection. There was little point in doing that because they were already there."

Senator Asselin: In his office in the Senate?

Senator Perrault: Presumably in his office, or outside the office. Apparently he gave no specific approval for a search; but, honourable senators, I suggest that he must speak for himself when he is back in the chamber. That, however, is all the information I have.

Senator Riley: Honourable senators, one point occurred to me during the narration of the events that led up to, and resulted in, the search of Senator Giguère's office. Before the departure of the searching officers, was any report made to anybody in authority—the Speaker, the Clerk, or Black Rod—as to what, if any, documents were taken from Senator Giguère's office, and as to the nature of such documents or material?

Senator Perrault: Honourable senators, I am simply unable to provide an answer to that question. The statement I have given to the chamber really constitutes all the information I have. I think it is a rather imprudent and dangerous procedure to try to interpret the document beyond any explanations I have given.

Senator Denis: I would like to ask just one more question. I would like to know if an accusation has been made against Senator Giguère, or is it only a matter of a search warrant in connection with an inquiry? Is he accused of a criminal offence or a civil offence—or is it only a matter of an inquiry, which would be quite different.

Senator Prowse: Honourable senators, I would like one question taken into consideration by the Leader of the Government, and that is with regard to the statement by the inspector, or whoever he was, from the RCMP, who apparently told the Speaker that this was a different position, and that he had the right to make the search. The first thing that I want answered is: Where did he get that advice, and why did he think he was free to tell Her Honour that?

Some Hon. Senators: Hear, hear.

Senator Perrault: Honourable senators, insofar as I have any information, I do not believe there are any charges of any kind against Senator Giguère. There are none that I know of.

Senator Prowse: No, but there may be against other people.

Senator Smith (Colchester): Honourable senators, I wish to make a comment, though I hesitate very much to do so, because in the presence of so many authorities of such long experience I feel a great deal of humility. It seems to me that a warrant could not have been obtained without some reason having been given, and this should be an essential part of our inquiry into the matter.

Senator Walker: It goes further than that, honourable senators. The relevant sections of the Criminal Code are set out in a search warrant, so obviously it must have been a criminal matter that they had under consideration. The immunity we have in civil matters is not available to us in criminal matters.

Senator Perrault: It is my understanding that the appropriate sections were in fact set forth in the warrant.

Senator Walker: They must have been, or the warrant could not have been issued.

Senator Smith (Colchester): With deference, if I may again enter into the discussion on this point, my comment is not as to whether the appropriate sections of the Criminal Code were in fact included in the warrant. I think that another appropriate section of the Criminal Code, and of the criminal law generally, provides that before any justice of the peace can issue any search warrant he must have certain information before him. And that information, contained in whatever documents were put before him, or even if it was verbal evidence on oath, is an essential portion of the information which ought to be before this house when it makes its inquiry, if it does make an inquiry.

● (2100)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Reid had been substituted for that of Mr. Railton on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

INCOME TAX ACT

BILL TO AMEND, (NO. 2)—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-65, to amend the statute law relating to income tax, (No. 2).

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Department of External Affairs for the year ended December 31, 1974, pursuant to section 6 of the Department of External Affairs Act, Chapter E-20, R.S.C., 1970.

Copies of letters addressed by the Prime Minister of Canada to Provincial Premiers relating to Foreign Ownership of Land, dated September 5, 1975.

Supplementary Estimates (A) for the fiscal year ending March 31, 1976.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Thursday, November 13, 1975, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

HER MAJESTY THE QUEEN

CELEBRATION OF SILVER JUBILEE IN CANADA—QUESTION ANSWERED

Senator Perrault: Honourable senators, on Wednesday, October 29, Senator Forsey asked a question with respect to the Queen's Silver Jubilee and how it will be celebrated in Canada. He asked whether the government had made or is making any preparations for celebrating the Silver Jubilee of the Queen's accession. In response to Senator Forsey's question I should like to inform the house that the government is aware of Her Majesty's accession to the Throne.

Some Hon. Senators: Oh, oh!

Senator Forsey: Congratulations.

Senator Perrault: Honourable senators, I must say I am just as surprised to read those words as you are to hear them.

Senator Forsey: These bureaucrats are wonderful!

Senator Walker: Is this a quote from the Prime Minister?

Senator Perrault: May I say that there appears to be an accidental omission in the reply which was prepared for me. The reply should note, of course, that the government is aware that Her Majesty's accession to the Throne occurred 25 years ago, and it is the government's intention to see that suitable celebrations will take place to mark the anniversary of the occasion.

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS

Senator Perrault: Honourable senators, I should like to say with respect to the postal dispute that I have been informed this evening that workers at 92 locals across the country are now back at work.

Some Hon. Senators: Hear, hear!

Senator Perrault: And there are hopes for improved postal services in the near future.

ENVIRONMENTAL CONTAMINANTS BILL

SECOND READING

The Senate resumed from Thursday, November 6, the debate on the motion of Senator Macnaughton for the

second reading of Bill C-25, to protect human health and the environment from substances that contaminate the environment.

Hon. Josie D. Quart: Honourable senators—

Senator Croll: Happy birthday!

Senator Quart: It was on Saturday. You are a couple of days late. I am now 80 plus a couple of days.

Honourable senators, the purpose of Bill C-25, as I understand it, is to provide a mechanism for screening, and the authority to control, new and existing substances dangerous to the environment and hazardous to health. The idea is to prevent harmful contamination and associated problems from arising, by submitting suspicious substances to identification and analysis.

This legislation is intended to go beyond the abatement of pollution to the stage of catching suspect chemical substances which are about to enter or have entered the environment. Having the authority to demand information, the government would be able to control existing and new chemicals and, presumably, to avoid environmental pollution. In other words, the approach here is supposed to be preventive rather than curative. And in that way it is reminiscent of the Food and Drugs Act, though it does not seem to carry with it the authority of that act, and this may eventually prove to be the aspect that will render it ineffectual.

We have recently recognized that certain substances, while they are of some value, do represent significant dangers. I refer here to mercury and DDT among others. My only reason for supporting a bill of this type is that I can think of no other way to ensure that substances which at the outset are quite legitimately thought to be beneficial do not end up by doing us all in.

● (2110)

We owe it to ourselves to know more about the long-range effects of the chemicals we produce and put to use. We need protection. Yet, on the other hand, we must not allow a government bureaucracy to become unduly inquisitive and overbearing. A balance is required and I wish to emphasize that. A balance must be struck when considering the hazards associated with a product, and the need for that product. There is nothing intrinsically evil about chemicals. They can be extremely useful and beneficial. So, it is imperative, in our crusade to protect ourselves from possible ill effects, that we do not end up completely frustrating technological experimentation.

It becomes binding, therefore, upon those entrusted with implementing this law to be able properly to identify early in the process those chemicals which represent a real danger. To this end, information is required—the testing, researching and analyzing of data must be carried out. These are the prerequisites of competent control. This act, as originally introduced, failed, unlike the Food and Drugs Act, to place the onus on the manufacturer to monitor his products for potentially hazardous substances, preferring to rely almost totally on government initiative.

The Opposition made some suggestions for amendment. They were not all accepted, but one was. As a result, an amendment was made to clause 4 of the original bill. Now manufacturers must notify the minister of all new substances within three months of their manufacture or

import. The government is also authorized to require the manufacturer to supply information on these new substances, but this falls short of what we would like to see. Reporting the existence of a substance is definitely not equivalent to monitoring a substance and disclosing potentially hazardous side effects. If all we can rely upon is the voluntary disclosure of information with regard to potentially dangerous side effects, then we do not really have a very forceful and effective means of pre-marketing control. Rather, we have something akin to a toothless tiger, a bit of window dressing, a mere pretence of serious concern on the part of the government. The Food and Drugs Directorate before allowing a drug to be marketed first requires of the manufacturer that he supply evidence that the drug will really do what he claims it will do, and, secondly, if it is taken in the method suggested by the manufacturer, that it will have no harmful side effects. All these claims must be solidly supported by evidence—proof of instances where the drug has been used and shown to be effective and not to cause harmful side effects or, at least, unmanageable side effects. In this bill, as far as testing requirements are concerned, there is no provision for vetting the industrial testing techniques to be used in order to ensure their adequacy. Even if they required testing, the government has not provided for upgrading the research facilities which would permit it realistically to assess the information.

There are many unknowns in connection with new substances—cumulative effect, persistence, reaction in conjunction with other chemicals, side effects, by-products and waste disposal characteristics. Knowledge of these factors depends on a good research program. But where is it? How will the government judge the potentially hazardous quality of new chemicals without an independent research facility specifically geared to that purpose? If it cannot do that properly and effectively, how can it really provide the preventative protection that this bill, it is claimed, will supply? Without adequate provision for the supportive functions that will give this legislation teeth, such as upgraded research facilities and appropriate testing criteria and techniques, it is difficult to see how this piece of legislation will have the comprehensive “preventative” effect it is meant to have.

Another problem presents itself: The provinces have expressed concern that the legislation will supersede provincial legislation in the field. The federal government has replied that the bill is intended to fill gaps and reinforce rather than replace existing law. As in many other pieces of environmental legislation where jurisdictional complexities impinge on the objective of the legislation, the desire to gain acceptability both by provincial governments and by other federal agencies has resulted in a watered-down piece of legislation with few teeth and many ambiguities. The relationship of this law to other laws is not clear. If consultation with the provinces must take place every time to see if another law is better equipped to deal with the exigency, delays may ensue before steps can be taken to remove a hazardous substance from the environment.

All these shortcomings considered, I am pessimistic as to the ultimate worth of this piece of legislation. However, I am in agreement that we should protect ourselves against pollution. I am in favour of our adopting preventive meas-

ures, because I realize it is easier and certainly less painful to prevent than it is to cure. I am equally in favour of placing the burden for preventing environmental disasters and health hazards on those who produce potentially dangerous substances, but what troubles me is that the method used in this bill involves creating a larger and more interfering bureaucracy. That always represents additional dangers to personal freedom and to our free-market economic system. It appears, however, to have become a necessity.

The judicial system seems not to provide the protection I, as a layman—or a laywoman—would have thought it did. That saddens me, because it tells me that somehow big business, with the help and protection of big government, has over the years created for itself a legal sanctuary. As a result of that, it has become next to impossible for the taxpayers of this land to sue those who pollute for the full value of the damage they cause. I think this is unfortunate because the judicial system would have been the proper way of solving such problems. With heavy enough judgments against polluters, manufacturers would have been a lot more careful about polluting in the future, but that has never really happened. Whether by accident or design, the judicial system has proven inadequate. As a result, we are forced into an interventionist, statist attempt at a solution, which frightens me. But pollution frightens me more, so I will support the bill.

My intellectual dedication to consistency forces me to request that this bill be sent to committee, where some of the weaknesses I have underlined can be looked at more closely and an attempt can be made at further improving it.

● (2120)

Hon. Alan A. Macnaughton: Honourable senators—

The Hon. the Speaker pro tem: I wish to inform the Senate that if Senator Macnaughton speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Macnaughton: Honourable senators, I am sure we are all very much indebted to Senator Quart for her thoughtful and worthwhile contribution to this rather important bill.

Far be it from me, an amateur, to attempt to answer some of those questions, because I propose, in due course, to move that this bill be referred to the appropriate committee, where the honourable senator may again ask her questions and receive authoritative answers. I would like to say that we all appreciated her contribution this evening, and I congratulate her, at this late stage, on her birthday which, I understand, took place a few days ago.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker pro tem: Honourable senators, when shall this bill be read the third time?

Senator Macnaughton moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

PRIVATE BILL

CONTINENTAL BANK OF CANADA—REPORT REFERRED BACK TO COMMITTEE

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-30, to incorporate Continental Bank of Canada, which was presented Thursday, November 6.

Hon. Salter A. Hayden moved the adoption of the report.

He said: Honourable senators, we have a rather odd, or, should I say, unusual situation in relation to this bill. It was my intention this evening to explain the nature and substance of the amendments which were made in committee. In the process, I would have referred briefly to the very capable explanation given by Senator Connolly (Ottawa West).

However, in the meantime a serious question has arisen. At the time the bill was before the Senate committee there was no evidence of any kind adduced in relation to the proposed title of the bill, or to indicate any opposition to the title. I am not in a position to give the circumstances which led to that situation, but I have learned that there are serious grounds which should be reviewed by the committee to determine whether, in the circumstances, the name "Continental Bank of Canada" should be granted.

The question of procedure involves some consideration. I could proceed this evening to give an explanation of the purpose and effect of the proposed amendments, which would not take very long.

I understand a motion is to be made to refer the report back to committee for consideration of the propriety of the name of the bank in all the circumstances as they may develop before the committee.

The question is: What should we do? In my view, the motion to adopt the report tonight should in no way lose its prior position by virtue of the motion which may be made, if it is approved and the bill goes back to committee.

I should add that I have no interest in the name of the bank and no personal objection toward affording those who have an interest—and a very serious interest, as I appreciate it is—an opportunity to be heard, even at this late stage of the proceedings.

If the report is to be referred back to committee, it should be so referred only on the subject matter of the propriety of the title, and I suggest that when the report of the committee dealing with the title comes forward, the report which is now before us should not lose its proper position under our rules, and that both reports should be considered at the same time without regard to the requirements of our rules in connection with the time lapse between the presentation and the consideration of a report.

I am in the hands of the Senate. If honourable senators require an explanation of why the amendments were made, I am prepared to do so tonight, or I am prepared to deal with that after the committee has considered the title and brought in its report. I could then give one explanation of the committee's reports in relation to this bill.

Senator Flynn: Honourable senators, I do not know if a motion will be put, but it seems to me that the proposal of Senator Hayden is entirely acceptable. In my view, the motion should be that the report be not now adopted but

that it be considered only after the bill has been referred back to committee for consideration of the name of the bank and the presentation of a second report.

Senator Hayden: While preserving the prior position.

Senator Flynn: Yes.

The Hon. the Speaker pro tem: At this time I would like the position clarified.

Senator Flynn: No motion has been put. I understand that a motion will be made.

The Hon. the Speaker pro tem: I thought that Senator Hayden had asked that his request be adopted.

Senator Flynn: No, not yet.

The Hon. the Speaker pro tem: I am not certain about the procedure to be adopted in connection with Senator Hayden's request. I call upon Senator Lang.

MOTION IN AMENDMENT

Senator Lang: Honourable senators, I move in amendment, seconded by Senator Inman, that the report be not now adopted but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce for further consideration of the bill in respect of the name of the proposed bank.

In my opinion, Senator Hayden has given sufficient explanation of this motion to satisfy the house.

The Hon. the Speaker pro tem: It is moved by the Honourable Senator Hayden, seconded by the Honourable Senator Langlois, that the report be now adopted. In amendment, it is moved by the Honourable Senator Lang, seconded by the Honourable Senator Inman, that this report be not now adopted but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce for further consideration of the bill in respect of the name of the proposed bank.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Rowe: I take it from what has been said that Senator Hayden will not be called upon tonight to give any clarification, but will bring the whole report back in one package.

Senator Connolly (Ottawa West): Honourable senators, as the sponsor of the bill, might I ask for the indulgence of the Senate for just a moment to say something that I think must be said in view of the remarks made by Senator Hayden, the chairman of the committee, that the Senate feels this is an amendment that should be adopted.

The sponsor of a bill sponsors the bill, not the applicant or the company. However, in the course of getting information about this rather complicated measure, I was bound to be advised of some of the problems the applicants face. One of these problems has to do with the time element. To put it neatly, it is desired to have this bill, if possible, receive royal assent before the Christmas recess. Under normal circumstances, if the amendment had not been moved tonight, we would probably have had the report of the committee adopted, and then it would have been open to the sponsor, myself, to move third reading at the next

sitting, which normally I would have done. Tomorrow there will be what we might call a combined report of the committee. Our rules preclude me from moving third reading tomorrow. We will not sit Friday; we will not sit Monday, and I could not move third reading without unanimous consent until Tuesday.

I do not ask for the Senate to make any conditions about this matter, but it may be that tomorrow there will be a question whether or not something might be achieved on behalf of the applicants if unanimous consent could be given to third reading tomorrow.

Senator Flynn: Not in advance.

Senator Connolly (Ottawa West): I do not want to do it in advance; certainly not. All I want to say is that there is a factor which I think the Senate might want to take into consideration if that contingency arises.

Senator Benidickson: Honourable senators, I should like to speak to the amendment and to the suggestion that certain rules as to time would be understood to be waived if Senator Lang's motion passes.

Last Thursday mine was the only voice that refused unanimous consent to take a step that would have accelerated the speed with which this bill would pass in the Senate. I told everyone that I had no animus against the sponsor or the proposers of the bill. That is still my position.

Yesterday I too was approached, because these people had heard of my activity the week before, to speak as Senator Lang did tonight, to have the bill referred back to committee for the purpose of hearing complaints about the use of the name and decide whether or not they are substantial. I said I did not want to do so because I had no real interest, and I might be doubted in my remarks of last week in committee when it met on Thursday last, the proceedings of which have now been printed. They were made available and were in our hands this morning. If honourable senators are at all interested in the points I raised in committee last week about the purchase by the principal corporate shareholder of IAC of a substantial number of additional shares within a few weeks of the presentation of this bill to Parliament, that is the responsibility of each and every senator.

In case, as a result of my actions last week, some protest comes to me about abridging the rules and we are asked not to compact the two reports, I would not for a moment propose that we deny Senator Hayden his opportunity to compact the rules so far as a combination of the two reports is concerned in time. However, I would reserve my right to say on third reading, if there should be some good reason for it, that we might expect the bill to have the usual lapse between adoption of the report and third reading.

Senator Flynn: I think Senator Benidickson has indicated that it is always better to follow our rules unless there is a very clear reason why we should not do so.

Motion in amendment agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 13, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of a contract between the Government of Canada and the Municipality of Buctouche, New Brunswick, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (French text).

PRIVATE BILL

CONTINENTAL BANK OF CANADA—REPORT OF COMMITTEE
ADOPTED

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, November 13, 1975.

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred back for further consideration the Report on Bill S-30, intituled: "An Act to incorporate Continental Bank of Canada", presented to the Senate on November 6, 1975, has in obedience to the order of reference of November 12, 1975, re-examined the said Report and recommends its adoption by the Senate.

Respectfully submitted,

Salter A. Hayden,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Hayden: I move that the report be adopted now. This is not a new report, but a continuation of the report made about a week ago. With leave of the Senate, I should like to give the explanation at this time.

Senator Flynn: After the motion has been put.

The Hon. the Speaker: Honourable senators, it is moved by Honourable Senator Hayden, seconded by Honourable Senator Bourget, that this report be taken into consideration now. Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Hayden: The first part of this report was the subject matter of some discussion last evening and then was referred back for further consideration by the committee only with reference to the name of the bank which appears in the bill as "Continental Bank of Canada."

I should tell you at the outset that the substance of the amendments contained in the original report was mainly such that they would fall into the category of drafting amendments. The scheme of the bill as proposed by the petitioner—that is, by IAC—was for the incorporation of a bank. IAC at that time was in the position where it might be called a non-bank—that is to say, it did not have the assets and resources of the nature or kind that would permit it to be incorporated as a bank. The plan of the petitioner is to incorporate a bank, and in subsequent years, as it sheds the assets which prevent it from qualifying for the right to apply to be incorporated as a bank, the bill provides for an amalgamation as between IAC and the bank.

● (1410)

We examined these provisions very carefully. In the interest of clarity and proper relationship to the Bank Act and the Canada Business Corporations Act, both these acts had to be looked at in the light of this bill, because there were many clauses in the bill under which at the present time, if the provision to incorporate a bank is granted and this bank is incorporated, the petitioner would not be able, by reason of the conditions in the Bank Act, to become a shareholder to the extent that it wishes to become a shareholder and to do other things it is seeking to do in the operation of this bank, which, strictly speaking, would be operated as a bank.

The bill provides that within a period of ten years there might be an amalgamation of IAC and this bank to be incorporated. Therefore, over that period of time IAC would have to so adjust its holdings so that its capacity within the ten years would be such that it might be described as having the necessary qualifications and characteristics of a bank, so that then these institutions might be merged.

In the meantime, in order to accomplish the amalgamation and to have this period of time within which this can be done, it was necessary to incorporate many exemptions, for the time being, from the provisions of the Bank Act, such as, for instance, IAC holding in excess of ten per cent of the shares of the bank at a time when it would be the only shareholder of the bank. The bank itself would carry on within the provisions of the Bank Act, and only as permitted by the Bank Act, if the minister granted his approval to the carrying on of the business of a bank by Continental Bank of Canada within a year from the date of incorporation.

The bill also provides for what happens if approval by the Minister of Finance is not given. You then have a bank which is incorporated as a bank. What is it if it does not have the power to carry on the business of a bank? All the subscription moneys to this bank would have been provided by IAC, so they would want to take their money out of this shell of a bank, since it could not, in those circum-

stances, carry on the business of banking without the approval of the Minister of Finance.

In considering the amalgamation provisions we had to see that they were clearly related to both the Bank Act and the Canada Business Corporations Act. We also had to check very carefully that the references were clear and concise and, without any confusion as to the respective authorities, what IAC could do and what the bank could do within this period. That necessitated some amendments. It also necessitated breaking down some of the clauses in the bill for the purpose of clarity in understanding what was being intended by the clauses in this bill.

That is the purpose of the amendments contained in the original report. The only point that you might regard as of substance is the provision that if the consent of the minister is not given within a year to the carrying on of the business of a bank, then at least the shareholders of the bank may carry on all the necessary proceedings and meetings and vote the shares in order to distribute and return to those who made the subscriptions the moneys which had been subscribed. That is subject to all proper deductions, of course, for expenses.

This morning, acting on the reference from the Senate of last evening, we considered the question of title. The title in the bill is "Continental Bank of Canada." We heard the representatives of the Continental Bank of Illinois and representations from the petitioners for the incorporation of this bank. We concluded that no confusion could result from the circumstances that were disclosed to us. It appears, for instance, that in the United States at the present time there are at least 12 banks operating under names such as Continental Bank of Texas, or Continental Bank of some other state, which seem to operate without confusion. Secondly, the Continental Bank of Illinois carries on no business directly in Canada and we were trying to determine what could be said by way of possible confusion as between this bank proposed to be incorporated in Canada and the Continental Bank of Illinois, which is a very substantial bank with many branches in the United States, and which operates in many different parts of the world. Also, in various parts of the world there are other banks which operate under a name which includes the words "Continental Bank."

We also discovered that before the petitioners for incorporation of this bank settled on a name they considered a list of approximately 50 names, and made all the eliminations which they thought should be made from the list. They then consulted with the Department of Consumer and Corporate Affairs to which, in the ordinary way when it is proposed to incorporate a company, the name is submitted for approval. There was no objection on any basis that could be related to confusion, or the public's being deceived in any way as to with whom they are dealing. So they have done all these things, and exhausted all these possibilities.

In addition, I should point out that the Continental Bank of Illinois is a customer of, or extends credit to, IAC, which is the petitioner in respect of the incorporation of this bank. While the Continental Bank of Illinois does not carry on business in Canada, it does have, through a subsidiary Ontario company, certain business operations

[Senator Hayden.]

in Canada. It finances by that method certain building and other operations in Canada.

So, in the light of all the foregoing, and after an acknowledgement from the parties concerned that they had received a full and extended hearing of all their presentations, your committee concluded that they should report the entire bill, including the title, without amendment, other than the amendments which are contained in the original report.

Motion agreed to, and report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

● (1420)

Senator Connolly: Honourable senators, for reasons I gave last night, and having regard to other information I have been able to gather today concerning the time factor in respect of the work of the House of Commons, I intend to ask for consent to third reading now.

May I also say that if the report had been adopted last night, I could then have moved third reading for today. So we are in no different position now from that in which we might have been had there not been the reference back to the committee last night. Therefore, if the Senate is agreed, I will move third reading now.

The Hon. the Speaker: Is there unanimous consent, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ANTI-INFLATION POLICY

NOTICE OF MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO STUDY LEGISLATION

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the subject-matter of the Bill C-73, intituled: "An Act to provide for the restraint of profit margins, prices, dividends and compensation in Canada" in advance of the said bill coming before the Senate, or any matter relating thereto; and

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

Senator Flynn: You wish leave?

Senator Langlois: With leave, yes.

The Hon. the Speaker: Is there unanimous consent, honourable senators?

Senator Flynn: I regret that I must refuse consent but I should like to have an opportunity to look into this matter. I do not think any prejudice will result from having this matter taken up on next Tuesday.

Senator Langlois: I wish to give notice of this motion today, then.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, November 18, 1975, at 8 o'clock in the evening.

Before the question is put I should perhaps give the house the usual brief summary of what is expected for next week. I shall deal first with the committees.

On Monday there will be a meeting of the Special Joint Committee on the National Capital Region at 3.30 p.m., and at 8 p.m. the Standing Joint Committee on Regulations and other Statutory Instruments will meet.

On Tuesday there will be a meeting of the Special Joint Committee on Employer-Employee Relations in the Public Service at 11 a.m. The Standing Senate Committee on Legal and Constitutional Affairs will meet at 2.30 p.m. to continue its study of the Green Paper on Members of Parliament and Conflict of Interest. A meeting of the Standing Senate Committee on Health, Welfare and Science, to which has been referred Bill C-25, the Environmental Contaminants Bill, will also be held on Tuesday, but the time has not yet been fixed. The Joint Committee on Regulations and other Statutory Instruments has scheduled a meeting for eight o'clock on Tuesday evening.

On Wednesday the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. but it has not yet been decided whether it will consider Bill C-2, to amend the Combines Investigation Act, or continue its advance study of Bill C-60, the Bankruptcy Bill. Also on Wednesday it is expected that there will be a meeting of the Standing Senate Committee on National Finance to which have been referred supplementary estimates (A), but the time has not yet been set.

On Thursday a meeting of the Joint Committee on Regulations and other Statutory Instruments has been called for 11 a.m., and the Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 3.30 p.m.

In the Senate on Tuesday evening, Senator Hayden will move the second reading of Bill C-65, to amend the statute law relating to income tax, (No.2), and we will proceed with the other items on the Order Paper and any legislation that may come to us from the other place.

Senator Flynn: Honourable senators, the deputy leader referred to meetings of the Special Joint Committee on Employer-Employee Relations in the Public Service. I understand that that committee is dealing with matters which have been referred specifically to it, but not with Bill C-52 which I further understand was referred by the other place to this committee. However, we have not received the messages yet. In the second place, am I correct in my understanding that the deputy leader mentioned a meeting of the Standing Senate Committee on National Finance to which the supplementary estimates (A) have been referred—or did he say they will be referred?

Senator Langlois: They will be referred.

Senator Flynn: But they have not yet been referred?

Senator Langlois: There will be a motion made today in that respect. With regard to Bill C-52, we are awaiting a motion which was apparently passed in the other place yesterday. It appears that we will have to present a similar motion of concurrence in this house before the bill is referred to the joint committee in question.

Motion agreed to.

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1976.

Senator Asselin: It is getting more expensive all the time.

Motion agreed to.

THE SENATE

PARLIAMENTARY IMMUNITY—STATEMENT BY LEADER OF THE GOVERNMENT

Senator Perrault: Honourable senators, yesterday I gave a commitment that an endeavour would be made to advance a motion today regarding senatorial immunity, the right of law enforcement officials to search Senate offices and the question of guidelines for senators and Senate officials in relation to privileges and immunities within the precincts of the Senate.

I can report today that I have had a useful and constructive discussion with the Leader of the Opposition. It is proposed that a motion be presented next week, hopefully on Tuesday, with respect to the matters which I have just mentioned, if that is satisfactory to honourable senators.

Hon. Senators: Agreed.

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS—QUESTIONS

Senator Cameron: Honourable senators, I wonder if the Leader of the Government can give us any information about the present situation with respect to the completely inexcusable postal strike which is dragging on and on. Has anything new or encouraging turned up? Can he give us any information as to what the government proposes to do about this disruption of Canadian business?

● (1430)

Senator Perrault: Honourable senators, I can report that as of this afternoon in excess of 100 post offices have been reopened across the country, involving 622 workers. There are approximately 8,000 postal stations altogether, so there is still a long way to go. This total involves both small and

larger post offices. Progress is being made—not as rapidly as many of us would desire, but nevertheless progress is being made. It is hoped that at some point in the near future the union leadership will permit a secret ballot to be held in centres across the country, and it is felt that this might lead to a favourable vote by the workers. However, I have nothing further to report.

Senator Asselin: Is there any hope of a reopening of the negotiations soon?

Senator Perrault: The minister responsible for the Post Office made a statement today that he is still waiting for the union to call the members back to work, but he made no offer to reopen negotiations on the terms demanded by the union involved. As senators are aware, the government and the unions have resolved all non-monetary differences. The only matter left is in relation to dollars and cents—

Senator Flynn: Common sense.

Senator Perrault: —and the government is not going to violate established guidelines and precedents inherent in its last offer.

Senator Choquette: Honourable senators, we have had strikes before all over this country, and when they lasted too long, and began to paralyze the economy, the government intervened and very quickly introduced legislation ordering the strikers back to work. This strike has been going on now for three weeks. Is there anything preventing the government from legislating these people back to work? If so, what is it? And if there is not, why should not the government take those necessary steps?

Senator Perrault: Honourable senators, I think Senator Choquette realizes that in view of this type of situation and at this point in time it is not possible for this or any other government to divulge the contingency plans it may be developing. I can certainly assure honourable senators that there is no intention on the part of this government to allow the economy to be endangered or destroyed by any one sector of society.

Senator Choquette: But it is being destroyed.

Senator Perrault: The government is fully aware of the grave consequences of a prolongation of this dispute and impasse, and ways of dealing with the situation are being studied.

Senator Inman: May I ask the Honourable Leader of the Government if the post offices he has mentioned are distributing post offices in the sense that they serve the outlying areas, or are merely local post offices?

Senator Perrault: The main centres such as Montreal, Toronto and Vancouver are still out. Should the workers at one of those main centres return to work, this would, of course, represent a significant breakthrough.

Senator Manning: Honourable senators, may I address a further question on this subject to the government leader? There have been some conflicting press reports as to whether the striking workers are receiving compensation or not. I recall one report saying that they were paid during the time that negotiations were going on. There have been other reports saying that they are still receiving some compensation. Could the Government Leader clarify the picture?

[Senator Perrault.]

Senator Perrault: There was a question in this chamber last week relating to whether or not postal workers had received what, in effect, represented an advance payment for work not done. The answer to that question really is that because of the manner in which the computers are programmed, cheques are sent out on a ten-day basis, and it is the intention of the government to recapture any overpayment from the workers when they ultimately return to work. In other words, there will be no net overpayment, and there will be no payment by the government for work not done. This will be reflected in later payments.

As far as other aid for the workers is concerned, some of the leaders of the postal union have stated that the workers are being helped insofar as they are able to help them. What this constitutes in terms of dollars and cents I am unable to say.

Senator Flynn: May I ask a supplementary question? For some years the question has been before the government and Parliament, and indeed before the public, that some permanent legislation should be enacted to deal with these strikes which affect the public. I was wondering, in view of the fact that in the present instance the union refuses to submit the government's proposals, which are final, to a vote, whether in this legislation which I hope the government will have the courage to introduce in the not too distant future there should not be a provision which would enable the government to force the union leaders to submit any proposal made by the government, or any other agency or group, when the public is affected, to the union membership in order to know whether the strikers are willing to accept it, so that we do not have to rely only on the opinion of the leaders of the union.

Senator Perrault: I think we all find it difficult to understand how any democratic organization in this country can reject the idea of having a secret ballot on such an important matter. Yet this has been the pattern across this country where the leadership of this union, in what I suggest to be a most irresponsible fashion, has refused to allow the members to exercise their democratic right to a secret ballot. The votes which have been taken in a number of centres have been standing votes, or votes by a show of hands, with all of the possible intimidation inherent in these processes. I can assure honourable senators that the government is considering the Senate's suggestion as one of the possible options for action.

Hon. Senators: Hear, hear.

Senator Perrault: By that I mean a proposal which would give the workers in the Post Office the right to exercise their choice by secret ballot under properly supervised conditions. While no decision has been taken, this is one of the alternatives under study.

Senator Cameron: Is there any machinery through which the government can step in and remove a person who conducts himself in such an irresponsible manner as the president of the Canadian Union of Postal Workers?

Senator Perrault: There is no such device known to me, senator. I believe that, despite the difficulties which occur from time to time at the bargaining table, the technique of labour-management confrontation is part and parcel of industrial relations in this country; it is an established, historical part of it. In most circumstances the process

works very well, and has advanced the interests of labour, and the interests of management and government extremely well. I think all parties in Canada support free collective bargaining. But there are times when acts of such outright irresponsibility occur that governments, regardless of political persuasion, must act in the public interest. We may now be approaching that point rapidly.

UNITED NATIONS

ASSEMBLY RESOLUTION ON ZIONISM—QUESTION

Senator Greene: Would the Government Leader accept a question on another subject? Does the government contemplate any action by way of limiting contributions or otherwise as a result of that incredible and reprehensible resolution of the United Nations equating Zionism with racism?

● (1440)

Senator Perrault: The position of Canada in relation to the United Nations and certain nations which may have voted for the condemnation of Zionism is being reviewed, but I am unable to make any further statement on that question today. I shall certainly undertake, however, to obtain further information, and I would like to take the question as notice.

THE CANADIAN ECONOMY

ATTACK ON INFLATION—DEBATE CONTINUED

The Senate resumed from Thursday, November 6, the debate on the inquiry of Senator Perrault calling the attention of the Senate to the White Paper entitled: "Attack on Inflation—a program of national action," together with a booklet giving the highlights of the government's anti-inflation program, both dated October 14, 1975, tabled in the Senate on Tuesday, October 21, 1975.

[Translation]

Hon. Paul Desruisseaux: Honourable senators, as I rise to speak on Bill C-73, whose purpose is to restrict benefits, prices, dividends and salaries in Canada, I should like first of all to touch upon certain aspects of the problem of inflation in Canada. I shall therefore limit my remarks, as much as possible, to the subject of the last inquiry of the government leader in the Senate, namely, "Attack on Inflation—A program of national action."

I congratulate our leader for having brought up the matter, as well as the senators who have already taken part in the debate. Their contribution, their views, help enlighten us with regard to the serious problem of inflation in Canada.

During the last eight years, the fight against inflation in Canada has grown ceaselessly. In spite of that fight, we have had nothing but negative results; that national plague continues to persist and even grow more acute. We are dealing here with inflation of a global nature, which could be solved much more effectively through global effort and cooperation.

Of course, the economists of our governments and those of our industries as well as the financial advisers from different walks of life in Canada are unable to agree on the balanced economic policy to follow to fight inflation effi-

ciently or to have their views adopted. It is unfortunate because we could not come up with appropriate corrective measures which could have wrestled inflation to the ground.

Our old economic history and our economic history since the First World War reveal among other things some economic principles and certainties we fail to take into account.

To evade the inflationary economic problems, it is essential for individuals to restrain their expenses and live according to their real means. To ensure a sound economy, which is not inflationary, all levels of government must live within their tax revenues. Moreover, according to our expert advisers, these tax revenues must be maintained to a limit level ranging from 35 to 36 per cent of the gross national product so as to prevent serious inflationary problems. Unfortunately, that is what the electors refuse to allow governments to do. Everywhere also, even in the most remote industrialized countries, nobody wants to recognize that there is a price to be paid for everything, at its real cost. Pressure from the public over months to force our government to take every means to find work for the unemployed by increasing the money supply in Canada caused our inflationary situation that we condemn so vigorously today.

Those nations which play with their economy to postpone sine die the settlement of their debts, even though it implies interests which multiply the debt itself little by little, or even though they are involved in new debts to promote social programs that very often prove to be unproductive, or indeed to improve the chances of representatives to get re-elected, those nations, as I said, will never avoid the serious inflationary problems coming as a result of that and producing in the long run periods of economic uncertainty and decline.

[English]

For years, the advice, counsel and economic directions of economists were expected to provide the solution to defeat or, at least, to curtail and control inflation and give us an acceptable economic policy that would somehow constrain wages and prices. The more I read their reports and analyze the recommendations of some of them, the more I become confused and disturbed.

A review of the recommendations made by business and labour leaders reveals that there is a wide disparity of views but no solid effective program giving the solution that would curtail, surely and safely, the current inflation. A few made the recommendation that governments at all levels should revert to some of the very basic principles of economics if they wished to be able to stay clear of a multitude of major economic problems. The Economic Council of Canada should have warned governments much more strongly and more consistently on the real consequences of the governments' overspending. Public behaviour on spending and their urging and pressure on government should have been denounced and shamed.

In 1967, in its Fourth Annual Review, the Economic Council of Canada, while setting new growth targets up to 1975, said repeatedly and truly that we would not be able to fulfill Canada's potential unless we could:

(a) Increase productivity by more efficient use of all our resources, including capital and labour. Instead, we decreased productivity, and we failed.

(b) Maintain price stability and improve ability to compete. Instead, we let prices run away even on basic items such as food. We disregarded the need to be able to compete and we failed.

(c) Restrain government spendings. There is no necessity to point out our failure here.

(d) Limit fiscal and monetary policy to medium and long-term goals and try not to respond to every short-run fluctuation. I believe we failed on that.

(e) Continue to attract large amounts of foreign capital. Instead, with our repeated hostile statements on foreign investment in Canada, we curtailed it as much as we could.

(f) Convert manufacturing industry to more efficient standards of scale and specialization. Instead, we killed our shoe industry and badly damaged the glass industry and some divisions of the textile industry, instead of assuring their conversion and giving replacement jobs. We failed on this recommendation and we weakened our secondary industry.

● (1450)

(g) Tackle the unresolved problems of growing cities. We did not touch much on these problems.

(h) Increase the rate of house building. We rated better on this one in our attempts, but certainly not in our results, as the figures of Statistics Canada will show.

In the most outspoken lecture the council had then yet given to the government, it said:

Monetary and fiscal policies should seek to steer the economy along the course of potential economic growth over the medium-term future, rather than simply reacting to emergency (or past) short-term developments.

Government deficits must be eliminated when the economy is expanding at its maximum potential. This is one of the points contained in the report. This was not done; instead we have been, and are presently, steadily increasing our debt load. Canadian fiscal and monetary policies had to be managed so as to attract enough foreign capital. We failed on this!

After the Honourable John Turner, whose departure from the Cabinet was a great loss that was deplored and regretted by many Canadians, met with the leaders of the different sectors of the Canadian economy, he reported on the extraordinary economic confusion that prevailed in each of these sectors. The representatives of business, for instance, were unexpectedly divided in their economic views. Mr. Turner was challenged when he met the labour leaders. If wage controls came to be, for whatever reasons, there would be a militant resistance, he was forewarned. The views were different in the West and in the East. All spoke against inflation, but none wanted to lift a finger to fight it. All shunned any sacrifice.

The elected representatives in the House of Commons asked for the protection and exemption of some of their electors whose support, they underlined, they needed. The economists could not give a reliable consensus as to what could be most effectively done against inflation. The

[Senator Desruisseaux.]

reports gave the feeling that greed and personal interest had really set in amongst Canadians; that we were deep in an ugly economic mess; that few cared about Canadian economic troubles at the federal, provincial and municipal levels; and that no one would or could constrain the waste and spending in education and in our school systems.

This kind of thinking, this type of general behaviour, in time could only bring about the economic disturbance which we were experiencing. At this time there is a further need to resist over-spending. Not only the federal government, but governments at other levels, in my view, have been and are to blame for most of our present inflationary trend, although they are getting away with it without the same public criticism as the federal government has been getting.

I believe that the actions of Canadians are predicated on the assumption that government at long last will practise what it preaches, and give concrete evidence of practising real restraint itself. Government spending should never, under any circumstances, and certainly not with the intent of buying votes and obtaining electoral support, be allowed to rise more quickly than the GNP. Yet, this is what is happening today at every level of government.

Time and again in the past, the government was warned by the nations' business leaders, here and elsewhere, and by responsible business economists, that the urgent responsibility of government was the wise management of the country's expenditure. Legislators and the public chose not to hear the reminders that were made that resources are limited; that economic growth depends greatly upon productivity improvements; that the efficient use of resources must be an essential basic economic objective in the pursuit of any goal; that waste and unproductive expenditures can and do occur on a substantial scale when undesirable and unproductive programs are approved, and when some poorly conceived programs are adopted; that inflation is fostered principally by a pattern of government expenditure which peaks at the same time as private spending and investment; and that it is the responsibility of governments at every level to keep a realistic balance between wants and programs and current capability.

Recently, the Honourable Jean Chrétien, the President of the Treasury Board, complained that government expenditures were difficult to curtail because they were authorized by legislation. Perhaps it would be helpful to review some of these increases in spending, especially those in the last three years. According to Statistics Canada, the increases in federal government spending from 1971 to 1974—three years—were 50 per cent in goods and services, old age security and interest on public debt; close to 50 per cent in transfer payments to provinces and municipalities; 140 per cent in unemployment insurance, which is understandable; close to 200 per cent in family allowances; some 125 per cent in subsidy spending, excluding oil; and about 125 per cent in capital spending. These resulted in an average 75 per cent increase in total spending during those three years.

Two weeks ago, Ottawa, in a policy statement on inflation, indicated that government spending should not grow faster than the trend of the GNP. A look at recent excesses in spending indicates the kind of restraint which will be needed if the government's goal is ever to be realized.

● (1500)

Between 1971 and 1974, federal government total spending increased by \$11.4 billion on a national accounts basis. If federal government spending had advanced exactly in line with the GNP, the increase in spending would have been only \$8.8 billion.

This overspending to the tune of \$2.8 billion occurred principally in unemployment insurance and family allowances. Obviously, no political party would now dare lower spending in these areas. Too many interested votes are involved. We also have to consider the effect of the deficit of \$1 billion in our balance of trade as well as an expected deficit for the current year of some \$2 to \$3 billion. Moreover, owing to the expected decrease in government revenues, these estimates may even have to be increased, and this will have a tremendous negative effect on our economy, and on our political thinking.

Federal revenues from taxation rose from a little less than 7 per cent of the gross national product in 1926 to 21 per cent in 1961, and then to 39 per cent of the GNP in 1975. If we add to this contributions to pension plans, it then rises to 40 per cent. Expectations are that in 1975 tax revenues will likely hover around 41 or 42 per cent of the GNP—which would be a major economic disaster. Some experts claim that it could be even worse if there is stagnation instead of growth in the GNP, and if readjustments by indexation in welfare legislation are enlarged and extended, as has recently been implied.

From 1961 to 1974 total government expenditures—including capital outlays but excluding transfers between governments—had already risen by 351 per cent, and this was principally because of the federal contributions to education, health and hospital care, and welfare services.

Among the various levels of government, provincial expenditures rose fastest—560 per cent from 1961 to 1974! Compared to that, local government expenditures rose by 307 per cent in the same period, while federal government expenditures rose by 273 per cent. Of course, all these expenditures are even higher in 1975 in terms of percentages. But, however unacceptable it is, the increase in federal government expenditures has still been the slowest.

While total government expenditures rose from 31 per cent of the GNP in 1961 to 39 per cent in 1974, provincial government expenditures rose from 6 per cent of the GNP in 1961 to 11 per cent in 1974. You can see that savings, while actually dropping in value, were at the same time being drained from Canadians. At the end of 1974, the current accounts deficit stood at \$4 billion. It is even more—considerably more—in 1975, and there is little hope for an improvement in 1976.

Let us consider just one item, namely, the indexing of personal exemptions. Expenditures in 1976 will require in excess of \$1 billion more in federal government tax revenues, so you can understand why recent statements by the Minister of National Health and Welfare about necessary additional spending in 1976, when tax revenues will actually be decreasing, are most upsetting and gloomy. The obvious inference is that Canada might well become a sick, and rather poor, welfare state.

However, there is a whole school of economists who do not object to such expenditures, because they claim that in

order to avoid depression, to stir the economy and to provide growth and fight unemployment, it is necessary to adopt the Keynesian approach. Milton Friedman, a recognized adviser to governments, thinks somewhat like that. He is of the Keynesian school. But, in the long run that is not a realistic approach, because eventually the economy must revert to what is basic; the correction must be made and the economy must be put back to where it should have been all the time. We must have an economy with only a reasonable refundable debt which will not drown us all, a debt which is refundable from revenues.

However, whatever we may say here about certain causes of inflation, it is necessary to point out in all fairness that in 1974 inflation also occurred at a double digit rate in all major countries except West Germany, and that situation has not changed in 1975. As measured by the consumer price index, prices in 1974 increased at an average annual rate of 10.9 per cent in Canada as compared with 13.3 per cent in all the OECD countries, which we so often like to take as examples. So far in 1975—that is, up to now—all of those countries have had an even larger rate of increase in inflation. This is, indeed, a gloomy and disturbing picture for the future of an economy in 1976.

● (1510)

In Canadian industry the profit margin per \$100 of sales decreased by 26 per cent in 1974 and by over 13 per cent in the first nine months of 1975. There is even a forecast figure of some 24.5 per cent decrease for 1976. Currently, the tax revenues of Canada for 1975 and the rate of growth of the GNP are still dropping. Without much caution, there could be hardship ahead in the country's economy—if not a breakdown—which could lead eventually to another depression.

When the public exerts heavy pressure for more welfare and more subsidies, when governments have to give ever increasing grants to bolster the country's economy and when government leaders see the general public giving strong support to candidates who call for more and more socialization and more and more spending, it is no surprise that governments spend so much more than they take in, without even having regard to the fact that at some time there will be a day of reckoning. To survive in office, governments feel they have no choice but to create the extra money needed for spending programs that will help their public image and popularity. Inflation, however, responds to economic events, random shocks and government policies, most of which result from pressures exerted by the electorate. We have the government that we deserve, because in a democracy we elect it and give it the mandate we want to give.

We have given the government a mandate. Primarily it must concentrate on solving our major national problems, before we attempt to get mixed up in the affairs of other countries in trying to solve their problems and to deal with foreign enigmas. This applies more particularly when we are not able to solve our own problems.

The blame for our growing rate of inflation must be shared, with the government, by most of us Canadians who have been living beyond our means, who have been constantly pressing for costly social and welfare legislation that now has to be indexed. What else can we expect, when we think we can find or print money, as needed, to pay for

all kinds of welfare schemes, to take care of the young to maturity, students often to manhood, hospitalization for the complete recovery of the sick, the old to their death, and so on—from cradle to grave, so to speak—and to give ever increasing help to regional administrative bodies, while we, like the Romans in their time, keep clamouring for more and more of everything, and while the workers, including civil servants, keep asking for higher and higher wages to take care of ever-increasing inflation. This way of life will not serve us or any other country in the world community.

I was against government controls. I am still against government controls. On a long-term basis, I question their efficiency. I believe they will do little for our betterment in the long run. I think that eventually there will be aggressive thrusts to regain lost ground. We have seen it happening elsewhere. All around us other countries are experiencing inflation that continues to influence and affect our economy, despite controls. We import enough to feel the effect.

Under present circumstances, in despair and out of fear for the collapse of the value of the Canadian dollar and a breakdown in sales and trade, and since the government appears to want to correct this situation of the utmost gravity, I, for one, will support all bona fide attempts by the government to contain inflation. The anticipated legislation, however, should extend no favouritism and should provide for no exemptions. It must be strong and uncompromising if it is to be effective.

I believe it is most important that other levels of government agree and follow through on these proposed drastic measures by setting an example and having, for some years to come, balanced budgets. There is no quick cure for inflation. You can brake, but you must not jam the brakes in a way that might cause damage.

The stakes are high for the government. A failure of the program would necessitate either immediate drastic total control or, God forbid, an election at a time of economic confusion.

What can we do as individuals to help, not government as such, not other countries, not those in need in the world but, for some time to come, our Canada, and to adopt a program for our very survival as a progressive nation?

We must have, or find, the will to accept the inevitable sacrifice involved in the implementation of any effective policy. The government must have, or achieve, the freedom of action necessary to compose and impose the necessary policy in the face of seemingly unavoidable constraints. The government must be at full strength for action and receive the undivided support of all representatives and constituents everywhere.

● (1520)

The anti-inflation program, unpalatable as it is, is very much the lesser evil, preferable to either a continuance of rampant inflation or total government control over the economy. In either case our national standard of living would greatly suffer. It has already started to fall significantly from one of the highest in the world to seventh place, with indications of a lower place in a few years. Business leaders are blaming government action, and intervention in competitive economic forces is the major

[Senator Desruisseaux.]

cause of the deteriorating inflation situation. Governments never act according to the soundest economic advice, as they should.

Canadian firms must produce their goods and services at world competitive prices if they are truly to serve Canadians, if the firms themselves are to survive and if rewarding employment is to be expected. Every rise in wages must be balanced with a higher production of units if we are to remain internationally competitive and fight off the flood of imported products. Economic guidelines as such cannot and should not mean a guaranteed price level, nor a guaranteed income level, for any noticeable duration of time. These are high stakes indeed affecting us.

A way must also be found to commit all other levels of government in Canada to arrange sets of rules providing the same goal, the same objective—total defeat of inflation, and, I must add, the reinstatement of common sense in our government spending and our public spending behaviour.

The public, in its own interest, must be induced by strong government action to accept and believe that governments at all levels mean business, that they really mean to cut expenditures and not merely to spend money.

One balanced budget may help to neutralize the inflation psychology that exists today. As everyone wants more and fights for more, this will be hardest to realize by our government. Yet it is of major and basic importance, and of the highest priority. Budgets may even have to be balanced for several years to come before the public is convinced that governments really do mean business and that runaway inflation, as a way of life, will not be tolerated. There must be restraints on government programs and services. It cannot be accepted that a sufficient anti-inflationary policy may also ensure economic growth. Governments must become the good example for all of us Canadians to follow.

The federal government has the weapons needed to combat the vicious inflation that has plagued us and the world. The government has the duty of restoring the image of a good and balanced Canadian economy by reinstating the good domestic purchasing value of its money and assuring reasonable productivity in its manufactured products. The government must find the will to use their weapons effectively for the greater good of Canada. They have no choice, since if the present anti-inflation program fails there will be no alternative but to freeze prices and wages by total drastic controls, which will unfortunately prove to be much more costly to Canadians, or to get the people involved, as they should be, in the inflation problem by calling for an election.

The Canadian people must believe in the governments they choose to elect. More than ever before they must back them up and unfailingly assist them in realizing an urgent national mission—to defeat a runaway inflation that is destroying and eating away at every value that Canadians have saved through the years of hard work, besides destroying even what enabled us to save.

As a Canadian who is as affected as any other Canadian, and even though I am against controls, even temporary, as a way of life, or any other form of economic regimentation, I feel that under the present grave circumstances the government's plan to use controls should be supported. Its

plan against inflation should be tried and given our full backing. It is our duty to do what we can now, and without reservation, to fight effectively the common enemy, this vicious inflation. We must assist our government to make the anti-inflation measures, even if imperfect in our view, truly operative in their purpose and their goals.

Senator Bélisle: May I ask a question of the honourable senator? I should like to preface my question by complimenting him on a very forthright and constructive speech. It is not the first he has given us in this chamber. However, since at the beginning of the week the newspapers informed us that the Honourable Jack Davis, former Minister of Fisheries in the Trudeau Government, was so disillusioned and discouraged by the government's present economic policy that he decided to accept a Socred nomination in British Columbia, and since we were also informed this week that the former Minister of Justice of Quebec was so disillusioned that he formed another party, would Senator Desruisseaux look favourably upon receiving an invitation to attend the Conservative Party convention in February?

Senator Langlois: Are you short of candidates?

Senator Desruisseaux: I must tell my honourable colleague that I feel no urge at all to join the Conservative Party at this time. Any party that can convince people to

make the necessary sacrifices will be the victor, and the just victor, against inflation.

Senator Choquette: We tried it at the last election and you were not too convinced, were you?

Senator Desruisseaux: No.

● (1530)

Senator Perrault: Honourable senators, may I contribute to the enlightenment of Senator Bélisle. The Honourable Jack Davis has proclaimed on several occasions that he remains a supporter of the federal Liberal Party and the Government of Canada.

On motion of Senator Choquette, for Senator Asselin, debate adjourned.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, before moving the adjournment of the house I would like to correct a statement I made earlier today when I was outlining the business of the Senate for next week. I said that the Standing Committee on Health, Welfare and Science, to which has been referred Bill C-25, the Environmental Contaminants Act, will meet next Tuesday. That committee will not meet Tuesday but will meet when the Senate rises on Wednesday.

The Senate adjourned until Tuesday, November 18, at 8 p.m.

THE SENATE

Tuesday, November 18, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Canadian Saltfish Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 32 of the Saltfish Act, Chapter 37 (1st Supplement), and section 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada on Small Loans Companies and Money-Lenders licensed under the Small Loans Act for the year ended December 31, 1974.

Report of the Superintendent of Insurance for Canada on Co-operative Credit Societies for the year ended December 31, 1974, pursuant to section 57 of the Co-operative Credit Associations Act, Chapter C-29, R.S.C., 1970.

Copies of a contract between the Government of Canada and the Town of Yarmouth, Nova Scotia, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English text).

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, 19th November, 1975, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS—
QUESTION AND ANSWER

Senator Flynn: Honourable senators, may I ask the Leader of the Government if he has anything to report on the strike of the Canadian Union of Postal Workers?

Senator Perrault: Yes, and in view of the importance of the situation I think that when we meet each day it might be useful if I give honourable senators as complete a daily report as possible on the postal strike. These reports will be no longer than necessary but I shall endeavour to present as much relevant information as possible.

During the past week the number of post offices operating has increased from 30 to approximately 150. Most of the offices that have re-opened are in the smaller centres, with the Ottawa post office being the major exception. Because of the inoperative status of Toronto, Montreal, Winnipeg and Vancouver, we have no national mail service. In those centres we have significant indications of many workers wanting to return, but they are being prevented from doing so by a minority of the union.

The Post Office, in cooperation with the Letter Carriers' Union of Canada, and the Association of Postal Officials of Canada, is in the process of effecting delivery to Canadians of the government's social assistance and pension cheques. According to a late report this afternoon, better than a third of the system's 500 staff offices were operating today as the strike erosion continues. About 1,600 of the 22,000 CUPW members were back on the job today. Post offices which opened today are in Sackville, New Brunswick; Bridgewater, Nova Scotia; Aylmer and Huntingdon in Quebec West, Goderich in southwestern Ontario; Etobicoke and Woodbridge in Metro Toronto, and Terrace and Kamloops in British Columbia. Ottawa reports that 165 CUPW members—150 of them full-time members—were back on the job today. Ottawa has also informed the Control Centre that persons unknown last night sealed at least 200 street letter boxes in the downtown core with a cement glue substance.

● (2010)

The North Bay local of the CUPW last night voted 31 to 26 not to hold a vote on return to work. The vote was supervised by the provincial MPP for Nipissing. The Control Centre has been informed by reliable sources that the CUPW has ordered maximum picketing at all offices containing federal assistance and pension cheques, in an apparent attempt to prevent delivery of the cheques.

Newfoundland reports that continued mass picketing of the St. John's post office again prevented management from entering the building. Metro Toronto reports heavy picketing at Terminal A, but little or no picketing in fringe areas.

Finally, in Nova Scotia, a district office postal clerk reports he was assaulted while crossing a heavy picket line and is seeking to lay charges.

That is all I have to report this evening.

Senator Flynn: May I ask the government leader a supplementary question? When the Postmaster General says that he is willing to wait until Easter, does he mean

that that is the target date he foresees having regard to the progress now being registered, or does he mean it is the intention of the government to wait until that time?

Senator Perrault: I have not had an opportunity to discuss the matter personally with the minister responsible for the Post Office since that statement was allegedly made. However, I want to reassure honourable senators once again that the government does not intend to be blackmailed by any sector of the Canadian economy, including members of the CUPW.

Some Hon. Senators: Hear, hear!

UNITED NATIONS

ASSEMBLY RESOLUTION ON ZIONISM—QUESTION ANSWERED

Senator Perrault: Honourable senators, a question was asked last week by Senator Greene, the essence of which is as follows:

Does the government contemplate any action by way of limiting contributions or otherwise as a result of that incredible and reprehensible resolution of the United Nations equating Zionism with racism?

I have a report which I can now give to the house.

Regarding the position of the Government of Canada and any action by way of limiting contributions or other actions that the Canadian Government might take, I may state that the Government of Canada is reviewing its position with respect to any United Nations activities that may flow from the adoption of this particular resolution, and to others which were acceptable in themselves but which we voted against because of the effect that the Zionist resolution had on them. Any activities flowing from these resolutions will be carefully examined by the Canadian Government and probably our participation will be put in question.

It is possible that Canada will not be participating in the conference on racial discrimination to be held in Ghana in two years' time. That is a possibility. We are reviewing that question as well as the implications of the resolutions on the United Nations Decade for Action to combat racism and racial discrimination and it may be that the participation of the Government of Canada will be reduced or removed but we have not reached any final decisions on this question.

Regarding aid to countries that may have voted for the United Nations resolution, the Canadian Government has never taken a position that we would use our aid to determine the political attitudes of other countries and we do not intend to either change our support generally for the United Nations or change our aid flow. However, we are questioning, and will review our participation in, new activities that flow from the adoption of this particularly unacceptable resolution.

In some quarters it has been suggested that we might bring home some of the fine Canadian troops serving as peacekeepers in the Middle East as a sign of protest against this United Nations resolution. The Canadian Government most certainly takes the position that it would not be helping the situation very much as it would not help the peacemaking process. If we took our Peace Force out of the Middle East area, the element of stability that is now

present there, I am sure, would be in some way jeopardized by such a withdrawal and would be opposed by Israel, Egypt, and other nations.

CANADIAN ARMED FORCES

CASUALTIES IN DEFENCE OF FRANCE IN WORLD WAR I AND WORLD WAR II—QUESTION

Senator Fournier (de Lanaudière): Honourable senators, I should like to ask the Leader of the Government a question. How many Canadian soldiers were killed or wounded in defending France in World War I and World War II?

Senator Perrault: Honourable senators, I must take that question as notice.

An Hon. Senator: Surely you know that.

Senator Perrault: Honourable senators are aware, of course, that over 60,000 Canadians were killed on various fronts in World War I. However, insofar as casualties on French territory are concerned, I must take the question as notice and obtain the exact statistics for the honourable senator.

INCOME TAX ACT

BILL TO AMEND, (NO. 2)—SECOND READING—DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill C-65, to amend the statute law relating to income tax, (No. 2).

He said: Honourable senators, I find one comfort—and I am sure all of you have noted it—that being the size of Bill C-65. We have almost grown accustomed to receiving very voluminous bills dealing with income tax. This one is remarkable by reason of its brevity, and possibly also by reason of certain of its provisions—certain substantive provisions.

I should tell you that this bill deals with a number of matters which are designed to expand the productive capacity of Canada. While one might say that it is modernizing in its tone and in its approach to these problems, in that regard I would prefer to use the language that it adopts a more realistic approach to the question of the position of the petroleum and mineral industries in Canada.

This bill, as one of its first highlights, contemplates what is termed a resource allowance, namely, 25 per cent of the profits of a petroleum or mineral industry, determined after all the operating costs and the capital cost allowances have been deducted and before there is any deduction for development and exploration, interest and depletion. That 25 per cent is deducted from the tax on the profits that might otherwise be leviable, resulting in a substantially lesser amount of profits being subject to the corporate rate of tax. The bill also changes the corporate tax rate from 50 per cent to 46 per cent, effective in 1976.

● (2020)

There is one thing that concerns me a little. In clause 1, in connection with this resource allowance, the bill provides:

(v.1) such amount as is allowed to the taxpayer for the year by regulation in respect of oil or gas wells in Canada or mineral resources in Canada;

There are no regulations in existence at this time, and nowhere in the bill do we find any reference to 25 per cent as being the resource allowance. The only place where we can look for support for the 25 per cent is in the minister's budget speech, and it can be found at page 33. There he deals with the 25 per cent resource allowance. It can also be found in the highlights and supplementary information, which was part of the budget material, at page 36.

Senator Bourget: That is, the June budget.

Senator Hayden: That is in connection with the budget of June 23. In addition, the debate in the other place proceeded on the basis that the budget allowance was 25 per cent. All discussion proceeded on that basis. When I inquired as to why we did not have a regulation at this time, I was advised that it was in the process of being developed. Provision for regulations is made elsewhere in the bill.

The budget speech, which included reference to this resource allowance, was made on June 23. Perhaps a practice has developed of releasing regulations after the bill has passed. If so, it is about time something was done about furnishing all the material. In this case, I do not see any harm done by not having the regulations at this time, as they would refer to resource allowances, but conceivably regulations on other subject matters could be very important for the proper consideration of a bill. If we do not have them until after the bill has been dealt with, we are not able to give full consideration to the bill.

I shall proceed on the basis that the resource allowance is 25 per cent of the profits after deduction of the costs of operating and the capital cost allowance, but before any other deductions are made. The effect of that, as I will demonstrate in a moment, is that those companies which engage in the business of exploration and development will gain by reason of this provision.

I should like to have the permission of the Senate to include later in my remarks a table showing what I might call the sharing of the \$1.50 price increase on a barrel of oil under the modified system—that is, the system of resource allowance—including Alberta's royalty reduction.

Senator Flynn: Is this an official calculation of the department?

Senator Hayden: I received it on that basis. I did not see the person who prepared it.

Senator Flynn: but your source is the department?

Senator Hayden: Yes.

Senator Walker: Senator Hayden, before you close out the area of resource allowance, I take it, with your great experience as Chairman of the Standing Senate Committee on Banking, Trade and Commerce, that you will obtain an assurance from the government that the resource allowance will be included in the regulations, as you expect it to be, before this bill passes the committee stage.

Senator Hayden: Yes, I can quite readily give that assurance. I can also say that I have talked, as late as today, with senior officials of the Department of Finance,

[Senator Hayden]

who assured me that the regulations, in the form in which they now are in course of preparation and in the form in which they will be published, will contain the statement which the then Minister of Finance made as to what would be the nature and extent of the resource allowance—that is, in accordance with the terms and the definition which I have set forth this evening as to how the resource allowance will be calculated.

This statement is prepared on the basis of the present tax system—that is, the system prior to this bill's coming into effect—and it makes two assumptions. The first assumption is that the company that is being dealt with in this study has no exploration and development, and, secondly, that it has exploration and development.

Under the present system of taxation, the Province of Alberta, on the \$1.50 price increase from \$6.50 to \$8 a barrel, has a 65 per cent royalty. Under the new system, the royalty would be reduced to 50 per cent. On that basis, if the particular company being studied had no exploration and development expense, the province would receive \$1.03 of the \$1.50 increase. On the basis of the new tax system, which includes not only the reduced royalty as far as the Province of Alberta is concerned but also the application of the resource allowance, the province would receive 82 cents. The federal income tax on the 65 per cent royalty basis for Alberta would amount to 37 cents, whereas under the new tax system it would amount to 40 cents.

The industry—and this is very important—under the present system where the 65 per cent royalty base applies, would receive 10 cents of that \$1.50 increase, and under the new tax system of 50 per cent royalty, the industry would receive 28 cents. That is in the case of a company which has no exploration and development.

If you assume that a company has spent the maximum amount on exploration and development, the province under the present system of 65 per cent royalty would receive 98 cents; under the new tax system, it would receive 68 cents. The federal income tax under the 65 per cent royalty would be 31 cents, and under the 50 per cent royalty, it would be 11 cents. Industry carrying out exploration and development under the 65 per cent royalty base would receive or retain 21 cents; under the 50 per cent royalty rate it would receive or retain 71 cents.

● (2030)

Honourable senators, at this point it might be convenient to place on record the table I referred to earlier.

Hon. Senators: Agreed.

[The table follows:]

Sharing of \$1.50 Price Increase in Barrel of Oil under
Modified System and including Alberta's Royalty
Reduction

| | Present Tax System | New Tax System |
|------------------------|-----------------------|-------------------|
| | 65% Royalty | 50% Royalty |
| <u>Nil Exploration</u> | | |
| Province | 103¢ | 82¢ |
| Federal—Income Tax | 37¢ | 40¢ |
| Industry | 10¢ | 28¢ |
| | <u>150¢</u> | <u>150¢</u> |

Maximum Exploration

| | | |
|----------------------|-------------|-------------|
| Province | 98¢ | 68¢ |
| Federal—Income Tax | 31¢ | 11¢ |
| Industry—Exploration | 21¢ | 71¢ |
| | <u>150¢</u> | <u>150¢</u> |

Senator Hayden: I should point out that the reason for these differences in the amount the industry would receive is dependent on this factor, which I stressed earlier, that the 25 per cent resource allowance is calculated on the profits from petroleum and mineral production less operating costs and less the capital cost allowance. However, if a company does no exploration and development its rate of tax will produce a higher result in tax, because it will not have as many deductions. You can see that the company which does explore and develop then has deductions for exploration and development, so that overall its tax position is better.

I hope I have succeeded in clarifying that. It may be that some subsequent speaker might decide I have done exactly the opposite. I think at least the words are clear. They are simple words, and there being no arithmetic, subtraction or multiplication involved, my scientific knowledge has not, to that extent, been put to the test.

Honourable senators will remember that when we conducted committee hearings on Bill C-49, to amend the statute law relating to income tax, we received certain figures from the Canadian Petroleum Association about the disastrous effect resulting from the substantial increases in royalties in Alberta. Later there was a change in the plans of Alberta, as a result of which the royalty rates were reduced. We invited the Canadian Petroleum Association representatives to come before the committee again, and they gave us figures to show what would be the effect reflecting the changes in Alberta's position. What we were trying to ascertain was what could be said to be a fair royalty at a time before this game of higher royalty rates between the provincial and the federal authority developed—what would the federal authority allow as a fair royalty reduction, as it formerly used to do.

These men in their evidence—and this is a matter of record in the printed proceedings of our committee—said the date to choose would be December 31, 1973. They said that what could be regarded as being a fair royalty—one that has all the characteristics of a royalty and not some of the characteristics of an income tax—would be 24 or 25 per cent. When you apply this resource allowance, plus the standard corporate taxation rate of 46 per cent instead of 50 per cent, you end up, in effect, with a 22-1/2 per cent rate on conventional oil. Therefore, these figures certainly appear to be moving in the right direction.

If there are two phases of industry in Canada that are in an almost impossible position at the present time, they are petroleum and oil, and the mineral resources industries. Anything that will lighten the burden, and permit the economic continuance of exploration and development, should be welcomed. Whether this is the final move in this direction, I am not in a position to say. This is a different

kind of a step, and it is aimed at encouraging the expansion of production facilities. Whether it goes far enough, whether it is good enough, or whether some enlightened person will come to some other conclusion, I am not in a position to say. I do not boast that I am a professor of science, a professor of mineralogy, a geologist or a mining man, but I can read.

Senator Buckwold: You are pretty good at digging.

Senator Hayden: I can read, and I can dig.

Senator McDonald: You also hit pay dirt.

Senator Hayden: I think I can understand some things more than just adding two and two and getting four.

So much for the resource allowance and the change in the standard corporate rate of taxation from 50 per cent to 46 per cent.

I should remind you that last March, when we were dealing with Bill C-49, a man and his spouse were each given a \$1,000 credit for interest and dividends received in the year. Unfortunately, there should have been one more change in order to make the benefit complete. Where the taxpayer's dependent spouse does not use up the allowance to which she is entitled—that is, \$1,000—it was provided that there would be a transfer of that to the taxpayer. However, there was another provision in the law, under which the dependent spouse could only have income of not more than \$334 before the husband's marital exemption started to erode.

• (2040)

Bill C-65 provides that any portion of this allowance or deduction to which the taxpayer's dependent spouse is entitled, but does not use, may—as is the case with old age deductions and pension deductions—be transferred and used by the husband, or the taxpayer, without any regard for the amount of \$334 which limited the wife's \$1,000 exemption, thus reducing it in the hands of the husband to \$666.

Senator Flynn: And vice versa.

Senator Hayden: Yes.

The individual was dealt with in the last amending act by being given a deduction of the greater of \$200 and the lesser of eight per cent of federal tax and \$750. This was an encouragement intended, it was stated, to stimulate the economy and possibly stimulate the purchasing power of some of the people. This has been changed. The \$750, as the top amount, has been reduced to \$500. This should produce about \$50 million additional tax revenue to the government. It would start to be effective at about the range between \$22,000 and \$25,000 a year. In other words, the \$750 which you were entitled to would be eroded at that amount of income, which would then make your maximum \$500, and not \$750.

In order to assist Canada's balance of payments and to give the private sector in Canada access to the international capital markets, heretofore reserved to the public sector, interest paid at arm's length to non-resident lenders in respect of debts issued after June 23, 1975 will be free from withholding tax if no more than 25 per cent of the debt is repayable within five years. It is now suggested that the effect of this will be to assist the private sector in Canada in its borrowings in the international markets, where it is

at a disadvantage at the present time. It is suggested that this will enable the private sector to become more cost-competitive by reason of its being able to make borrowings outside Canada when it is known that the lender will not be faced with a deduction of 15 per cent of the interest by way of withholding tax.

The next item is the creation of a five per cent tax credit on the capital cost to any person who has acquired qualified capital property in the period after June 23, 1975 and before July 1, 1977. The idea is to ensure an adequate level of capital investment in productive facilities for the next several years for certain industries sharing common financial problems and difficulties.

Although the five per cent tax credit on capital cost will overlap other incentives which may be enjoyed by those same industries, nevertheless, the other incentives are not taken away. They still remain. The other incentives which manufacturing and processing and resource industries enjoy are considered necessary. At least, this was the opinion of the then Minister of Finance, and the government, I suppose, felt that the extra investment tax credit of five per cent was needed because of the serious financial needs of those businesses, which, after all, are important to Canada.

I can tell you that the system in the United States is similar in many ways, and, in fact, the current rate there is 10 per cent rather than five per cent. Of course, in the United States buildings are not included, whereas here they are.

You will find in this investment tax credit a flow-through. I think that is a good word to describe it. It is a flowthrough of the five per cent investment tax credit. You will find that where you have a trust which, by the acquisition of qualified property, qualifies for entitlement to the investment tax credit of five per cent, there is a flow-through so that the benefit of the five per cent may be taken by a beneficiary of the trust to the extent of his interest in the trust. There is a similar provision in the case of partnerships—that is, there will be a flowthrough of some part of that investment tax credit of five per cent to a partner in circumstances which are described in this bill.

The drafters of the bill have also attempted to deal with cooperatives. Cooperatives must withhold a 15 per cent tax and pay it to the government on sales to customers of the cooperative who are not members of the cooperative. There is a provision now that instead of remitting that 15 per cent withholding tax, the cooperative may apply that investment tax credit on account of any property which the cooperative itself has acquired and which is qualified property under this bill. So that the benefit of the investment tax credit of 5 per cent is, in this direct way, extended as well to cooperatives.

• (2050)

I should tell you, also, that something has been done with registered retirement savings plans. As you know, a person can set up a registered retirement savings plan, known these days as an RRSP. Under the present act an employee is entitled to a maximum deduction for a premium paid to his RRSP equal to the lesser of \$4,000 or 20 per cent of his earned income, provided his employer did not make a contribution on his behalf to a registered pension plan in a particular taxation year. The budget proposal and

[Senator Hayden.]

Bill C-65 will reduce the maximum deduction from \$4,000 to \$2,500 in the case of any individual who is eligible for benefits under a registered pension plan in respect of the taxation year—and here is the catch—whether or not his employer may have made a contribution on his behalf to a registered pension plan during that year.

The amendment ensures that employees who make past service payments to pension plans cannot contribute to an RRSP except to the extent that their past service and current service contributions are less than the amount which they are otherwise allowed to contribute to the RRSP. At present an employee's contributions to an RRSP are reduced only by his current pension plan contribution. This bill would make the past service contribution part of the total that would be deducted from what he might otherwise be entitled to contribute to his RRSP.

There are other provisions in the bill with respect to election expenses.

Senator Walker: Senator Hayden, before leaving that point, could you explain why the minister would make that deduction?

Senator Hayden: The explanation I received was that in some years, by getting together in some way, the employer would make his full contributions, and in other years he would make no contributions; then the employee would make his contributions. By that method of straddling the situation they were able to get a greater benefit than they were really entitled to. I think I have a full explanation of this point, if I can find it.

Senator Walker: Just summarize it in your inimitable fashion.

Senator Hayden: I did attempt to summarize it, but I judged by the expression on your face that I did not succeed in making it any more intelligible.

Senator Walker: I could not understand the reason for doing it. I appreciate how it is being done, but not why. Did you explain that, too?

Senator Hayden: First of all, there is no question as to what the bill proposes to do. The reason for this provision, as it was explained to me, is that some employers and employees have been working together to get the maximum benefit from such a combination, and take advantage of this right to make contributions to an RRSP. This provision is designed to close that road, not the road to success and prosperity, but the road to achieving some larger amount without paying tax on it.

Senator Langlois: It is a way to plug a hole in the legislation.

Senator Hayden: Yes. To put it colloquially, it is plugging a loophole in the law, but I am not sure that that is the right description. If legislation is drawn in such a way as to permit these things to occur, then I do not think the proper description is that it is a loophole.

Senator Flynn: It is an unforeseen method of taking advantage of the law.

Senator Hayden: It is a lack of appreciation of the potential that is contained in the language used. That is a fair way of putting it, I think.

There are amendments to the exemptions in relation to contributions to registered political parties and candidates. It was discovered that a registered agent, or a candidate, might give a receipt to a worker for so many dollars by translating an amount of work that he did into money. An amendment provides that such contributions must either be in cash or by cheque. There are more stringent provisions in connection with books, records and receipts, but the principle of allowing deductions for contributions to registered political parties and candidates, which was established some years ago in the Income Tax Act, is not being eroded.

Senator Flynn: It is just that another loophole is being plugged.

Senator Hayden: "Plugging" in respect of elections has a different connotation; you take your word and I'll take mine.

Senator Flynn: I know where it came from, anyway.

Senator Hayden: I wish to make one additional comment. You will recall that last spring we studied Bill C-49 in depth. We even sent our own experts to confer with the senior officials of the Departments of Finance and National Revenue. They discussed certain things we saw in Bill C-49, together with things which we saw in earlier legislation and which we thought needed some substantial change or clarification. All these experts, constituting a panel of eight or ten people, were present at our committee hearings. The same questions that our experts had submitted to them were asked again, and they gave certain answers. They agreed that some changes were required in Bill C-49, but because of the size and complexity of the bill they thought it would be a difficult if not impossible task to try to make changes at that time. They said they had noted our proposals and would deal with them. I think of one instance I might relate. We asked the chief witness whether, in relation to a certain clause in the bill, there should be a cross-reference to another clause, because otherwise it might appear that an unjust penalty was being imposed. After consideration the answer given to us was, yes, there should be a cross-reference. But in this bill there is no cross-reference nor are there some of the other changes we would like. However, there are two or three other changes carried into this bill. I inquired as to why these other points were not developed, and the answer I got was that they certainly had been fully considered, together with a list of changes which the department itself had compiled and all of which are intended to go forward into a revised income tax bill, possibly next year, whereupon I said, "If not next year by you, then perhaps by the Senate committee."

● (2100)

So, honourable senators, our position is fully noted and our objections are well understood. When we are considering this bill in committee we will again ask these questions with a view to getting a specific answer as to why they should not be dealt with at this time. The point I made to the departmental officers today was that if in the meantime a case should get into the courts and the judge should hold on the interpretation which it appears that the section bears, it would be no use telling him that we had this on our list and that we were going to get at it and correct it

this year or next year or the year after. The judge would say, "It is my job to interpret the law as you have written it." So, this business of delaying and piling up intended amendments where they appear to be fully justified, is something that should be studied closely. Public interest should govern, and not simply the fact that more pages might be added to the statutes for any particular year. Taxpayers have no recourse if tax legislation is drafted in such a way that a judge is bound to reach a conclusion that was not originally intended.

I mention that, honourable senators, because it is very important that where amendments are acknowledged to be worthwhile, important and necessary, no time should be lost in dealing with them in the public interest.

There were some other comments I had to make, but since time moves along I shall just refer to the interesting points made on pages 9 and 10 in connection with this investment tax credit. The scope and the extent of the application of the investment tax credit is dealt with starting at the bottom of page 8 and going to about half-way down page 11. There you have listed all the different businesses and all the acquisitions of property which would qualify as qualified property for purposes of entitlement to the investment tax credit of 5 per cent.

Honourable senators, I would expect that a bill of this kind, in accordance with our usual practice, when it has been fully debated in the house, would go to committee, and if that should happen, then we shall have the opportunity to do a thorough review of all points dealt with.

Senator Lang: Honourable senators, I wonder if I might ask the honourable senator a question? I am sure he has the answer at his fingertips because of his knowledge of this act. Could he estimate the number of amendments to this beneficent piece of legislation visited upon us in 1971 that have come to his hands from the department since the act was brought into force?

Senator Hayden: I think I can go this far, that all changes and amendments which we recommended when we originally considered the White Paper in 1969, and when we considered Bill C-259 in 1970 and 1971, and all those amendments in respect of which undertakings were given by ministers, have now been made. I quote as my authority the former Minister of Finance, Mr. Turner, who, when he was before us in 1974, dealing with one of these amendments, announced that that was the last of the amendments in respect of which there had been submissions and that now all the undertakings had been fulfilled. But amendments build up quickly, and some may even build up in this bill. There may even be some by reason of the discovery by the department that particular clauses do not say what is really intended. I can tell you that in the other place there were four or five amendments made to the bill as compared with when it was introduced, but the scope of the amendments was not substantial; it was to correct a misstatement of an applicable date to start some particular operation under the act, or things of that kind. So, honourable senators, your guess is as good as mine as to how many amendments will develop and when they will develop. All we can do is keep plugging away, asking questions, applying whatever knowledge we have to the subject, listening to our experts and listening as well to a little bit of reason in deciding whether in all the circum-

stances we should defer consideration of a particular amendment. We shall ask ourselves, "Is it that important to do it now? How will the public interest be served if we do not do it now? Should we impose terms?" These are the questions which we as a committee should indulge in. We should not just viciously or deliberately attempt to chew away at the bill. Our objective should be to accomplish something that is of benefit to the public and to the government as well. This is my approach, as those who are members of the Standing Senate Committee on Banking, Trade and Commerce know, and this, of course, I shall pursue.

● (2110)

Hon. Senators: Hear, hear!

Senator Smith (Colchester): Honourable senators, I shall detain you for but a moment this evening to express my thanks and appreciation to the honourable senator who has just spoken for the detailed and clear explanation he has given of this very complicated bill. Having said that, I would now move that this debate be adjourned.

Senator Manning: Honourable senators, may I ask a question before the motion is put?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Manning: Senator Hayden, in your outline of the legislation providing a greater incentive for oil exploration and development, you pointed out that this incentive will stem from a combination of the changes in the provincial and federal royalty regulations. Can you advise us if there is any indication of agreement between the federal government and the oil-producing provinces—and I am thinking particularly of Alberta—that this arrangement will be effective and will not change for any specific period of time? I ask that because either government, by changing its tax or royalty legislation, could pretty well nullify the benefits provided by the other.

Obviously, to meet the point that you so well expressed of greater incentive, there must be the combination of more favourable circumstances, both federally and provincially. Is there any agreement that will ensure that the arrangement provided for in this legislation will continue for a fixed period of time?

Senator Hayden: No, but, of course, I am not a member of the government, nor would I expect to be consulted in connection with any agreement that might be entered into between a province and the federal authority. However, good old common sense would appear to suggest that perhaps they have finally discovered that the right road is the road of combination and agreement as between the provinces and the federal authority. The proof of it may be the solution which this bill proposes. In saying that, I do not possess sufficient knowledge to be able to say that the resource allowance and the conditions described in this bill will go sufficiently far. That I do not know, but at least it is a step in the direction of combination and agreement, as against a spitefest over the back fence.

Senator Manning: In your reference to the deduction of \$1,000 of interest income, you explained that under the proposed change if the total of \$1,000 is not taken up by the

[Senator Hayden.]

wife, the balance can be deducted by the husband. Does this apply where a joint return is filed by husband and wife, and where husband and wife file separate income tax returns as individuals? Does it apply in both cases?

Senator Hayden: Each one, husband and wife, is entitled to this \$1,000 exemption in the case of interest and dividend income. It is hard to conceive of a situation in which each has no taxable income. A taxpayer's dependent spouse may not have sufficient income to use up all the \$1,000 exemption. If she uses part of it so that she has no taxable income, the balance, by virtue of this legislation, can be transferred to the husband. I do not know whether I got the point of your question.

Senator Manning: Perhaps I did not make my question clear. My concern is that there are many cases in which a husband and wife file separate income tax returns. If either one has interest income of less than \$1,000, assuming all the other factors have been taken into account, can the exemption be transferred to the other spouse, or does this apply only in those cases in which a joint return is filed by the husband and wife?

Senator Hayden: No. To begin with, many husbands and wives file individual returns. That is because both have taxable income. If the wife has less income than her husband, and by applying some part of that \$1,000 exemption she can reduce her taxable income to zero, the balance will go to the husband.

With respect to joint returns, the husband may file a return while his wife does not, because she has insufficient income to be required under the Income Tax Act to file a return. In those circumstances, the husband gets the marital exemption. It is hard to conceive of a situation in which the husband and wife could file a joint return. They could each file separate returns, but that is because each has taxable income.

Senator Lang: Honourable senators, may I ask a question of Senator Hayden? Am I correct in my assumption that there is no such thing as a joint return for a husband and wife under the income tax legislation of Canada? There is in the United States, but not here. Am I correct in that?

Senator Hayden: I do not know of any.

Senator Walker: There are separate returns, and I am satisfied that there are no joint returns, unless the spouses are incorporated.

On motion of Senator Smith (Colchester), debate adjourned.

● (2120)

RULES OF THE SENATE

MOTION FOR ADOPTION OF REPORT OF STANDING COMMITTEE ON STANDING RULES AND ORDERS—DEBATE CONTINUED

The Senate resumed from Wednesday, November 5, the debate on the motion of Senator Molson for the adoption of the report of the Standing Committee on Standing Rules and Orders which was presented Wednesday, October 29.

Hon. David A. Croll: If honourable senators refer to the *Minutes of the Proceedings of the Senate* for Wednesday, October 29, they will see therein the report presented by

the Chairman of the Standing Senate Committee on Standing Rules and Orders. It is an extensive report—a very good report—and, in the main, one can agree with its recommendations.

We have in the Senate nine standing committees. I need not enumerate them, as honourable senators are members of one or more. In general, the report recommends that the committees remain much as they are. I do not see any major changes in any of the committees, or in their responsibilities and duties. There is, however, one exception.

The present rule with respect to the Committee on Internal Economy, Budgets and Administration is:

The Committee on Internal Economy, Budgets and Administration, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to internal economy, budgetary matters and administration generally.

The amendment proposed in the report reads:

The Committee on Internal Economy, Budgets and Administration, composed of twenty members, five of whom shall constitute a quorum—

And this is new:

—which is empowered on its own initiative to consider any matter relating to the internal economy of the Senate, including budgetary matters and administration generally, and to report the result of such consideration to the Senate.

That, in my view, is a backward step. A new principle is being introduced into the rules whereby subject matter is not delegated, and the committee becomes a power in itself.

For as long as I can remember the house has delegated certain work to various committees. A committee has never been a self starter, but something new has now been introduced in by which this committee can by-pass the Senate by undertaking work on its own volition. In quoting the proposed amendment I read the words “and to report the result of such consideration to the Senate.” There is no indication of whether the report is to be presented in a week, a month, or a year.

We should not forget that most meetings of the committee to which I refer are held *in camera*. Some meetings, by their very nature, must be held *in camera*. I have never seen any minutes of that particular committee. Reports are occasionally presented of the amount of money spent by a committee. To make the Committee on Internal Economy, Budgets and Administration unlike any other committee in the Senate is, in my view, a great mistake.

Senator Flynn: If the honourable senator will refer to rule 67(1)(e), he will find that the same thing is provided there.

Senator Croll: I may get to that. I had not noticed it.

Senator Flynn: It weakens the honourable senator's argument that it is the only committee.

Senator Croll: The rule which Senator Flynn has brought to my attention says:

The Committee on Standing Rules and Orders, composed of twenty members, five of whom shall consti-

tute a quorum, which is empowered on its own initiative to propose to the Senate amendments to the rules from time to time.

I have no objection to that. They have always had the right to do that.

I am saying that the Internal Economy Committee is now taking upon itself a new initiative. Over a period of years I have looked at some of the rules of the other place, but I have never seen anything quite as forward as this request to turn over to this particular committee unlimited power. Certainly the members of the committee are absolutely trustworthy and responsible, but that may not always be the case, and to allow the matter to get out of hand by deviating from the ordinary procedure is, in my view, a grave mistake.

Senator Flynn: How could that be?

Senator Croll: The report is a good one except for this particular recommendation. It is deliberately underlined in the report. This contemplated change, in my view, is a dangerous one.

No committee should deal with anything other than matters referred to it by the Senate, and on which it is asked to take action and report back in due course. That has always been the practice and the conditions under which the committees function, sometimes with more power, sometimes with less power. To hand over part of the power of the Senate to a committee, no matter which committee, is a serious mistake.

I hope the chairman of the committee will give this matter further consideration. Honourable senators should also give this matter some thought before adopting this recommendation, because in my view it is a matter of great consequence.

● (2130)

Senator McIlraith: I wonder if the honourable senator would permit a question arising out of his remarks? The new wording in relation to the Standing Committee on Internal Economy, Budgets and Administration is as follows:

—which is empowered on its own initiative to consider any matter relating to the internal economy of the Senate, including budgetary matters and administration generally, and to report the result of such consideration to the Senate.

Does that mean, in his view, that the Senate, if it adopts this new rule, loses the control it might now have over the administration of the Senate generally?

Senator Croll: Well, the Senate has never been bound to accept a recommendation of any committee.

Senator McIlraith: It is not a recommendation that is provided for in the rule; it is only the result of the work of the committee, not the recommendation. It is not the usual language.

Senator Croll: I have been standing here for 10 minutes trying to say that this is most unusual, and now that you agree with me, I am not going to argue with you.

Senator Grosart: That is not what he is saying.

Senator Croll: I don't know.

Senator Molson: Honourable senators, I do not know whether I am permitted to speak more than once, but I would be delighted to reply to my honourable friend if I may have leave to do so.

Hon. Senators: Agreed.

Senator Molson: Senator Croll's point, I think, is very well taken, in that exceptions are always undesirable if they can be avoided, and perhaps the powers and duties of committees is a very good field in which to find that differences are not attractive.

I would remind you that the Rules Committee did not go into a seance for the purpose of thinking up ways in which it could give a committee more or less power. This matter arose because of certain problems that have been encountered. The main function of the Committee on Internal Economy is to carry out its duties as manager or housekeeper of the Senate. Its prime responsibilities are in relation to staff, salaries, conditions of employment, general facilities in the buildings, protection, and so forth. It is the voice of the Senate in management through the designated members of the staff of the Senate.

In the past we have had a motion—I do not know how often it has happened—making it possible for the Committee on Internal Economy to carry out its management functions without having each item referred to it. What brought the proposed change forward is the fact that if the Committee on Internal Economy has to wait for a reference to be made, we could very often get into critical conditions in relation to salaries, employment of staff, and problems of this sort. Such matters simply take too long to come to attention, and there is no other machinery to put the committee into operation. Who is going to make the motion? Where is the information to come from?

This is the housekeeping committee, and what it should be doing is running the affairs of the Senate for the benefit of all the members of the Senate. Its function is to make sure the facilities and staff are available for members of the Senate, and that the compensation and conditions of employment for the staff are adequate.

The motion I referred to earlier permitting the Committee on Internal Economy to carry out its duties without having each item referred to it has been made during many previous sessions. This amendment would make unnecessary a motion for this purpose in each session, but rather would make it a permanent state of affairs.

When the Committee on Internal Economy carries out its functions and has to report back, there could be a delay that might be disadvantageous. However, if it must report back to the Senate, I would suggest to honourable senators that there is very little danger of any abuse, such as has been suggested by Senator Croll.

I would like to call the attention of honourable senators to the *Minutes of the Proceedings* of October 16, 1974, which is issue No. 9. On page 44, will be seen the following:

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Perrault, P.C.:

That the Standing Committee on Internal Economy, Budgets and Administration be empowered, without special reference by the Senate, to consider any matter

affecting the internal economy of the Senate, and that it report the result of such consideration to the Senate.

That motion, I am informed, has been made in each session for quite a considerable length of time, and I think that Senator Croll can be reassured by the fact that so far, in adopting this motion in the past, we have not run into any problems.

Senator McLraith: I wonder if the honourable senator would permit a question for the purpose of further clarification of the point I sought to raise earlier. I do not have any particular objection to the giving to the Committee on Internal Economy the power, on its own initiative, to consider these housekeeping matters. The point I raised in my question to Senator Croll was a little different.

If you make reference to the rule governing the Committee on Standing Rules and Orders, that committee, too, is empowered, on its own initiative, to propose to the Senate amendments to the rules. That committee has to report back, and its actions have no validity until or unless they are adopted by the Senate.

Under the language used in the proposed amendment to the rule governing the Committee on Internal Economy, it does not have to report back in the same way. It merely reports the result of its consideration. There is not the same kind of control, and, by the nature of the work of that committee, it is not possible that there could be in all cases. However, it is a different situation from that of the Committee on Standing Rules and Orders, because the control is absent altogether.

I wonder if any particular thought had been given to the language, "and to report the result of such consideration to the Senate". It is merely required to report the result. It is not required to come back to the Senate with proposals or recommendations. I wonder if that was intended, or if thought was given to the draftsmanship of those words I have just read.

Senator Molson: I really have to answer the honourable senator right off the top of my head, and I am a little concerned that the answer may not be too clear. I think we have to put in perspective the functions of these two committees.

The Committee on Internal Economy had a very difficult task over the last two years, and that was to examine the functions and responsibilities of all the members of the staff of the Senate, as well as their compensation. In fact, that work is not completed yet. If in the course of that work, or that examination, the committee brings in changes in grading, salaries, responsibilities, and so forth, I do not think it has ever been contemplated that the Senate would approve the report in detail. The Senate does not go through the exercise of submitting for approval a budget of its own internal affairs. It never has. Its budget goes to Treasury Board.

● (2140)

The point I am making is that if the Rules Committee thinks that a rule should be changed, it is dealt with as has happened in this latest case. Many people suggested amendments over a period of about three years, and we collected them and finally started holding meetings to consider them. The result is the report that the Rules Committee made.

[Senator Croll.]

The Internal Economy Committee has an on-going responsibility. I think of salaries as being perhaps one of the most serious. Budgets of all sorts are perhaps equally serious. They do not come back here for approval after the chairman of a committee submits a budget and it is approved by the subcommittee of the Internal Economy Committee; it then goes to the main committee on Internal Economy and is approved by that committee; it does not come back here for approval, but only as a report.

Senator Grosart: Oh yes it does, definitely.

Senator Molson: No.

Senator Grosart: It must.

Senator Bourget: It must in case somebody objects to one of the recommendations. How can he do so if he is not a member of the committee? I am talking about the principle of this matter.

Senator Molson: I do not quarrel with that. I am merely saying that all individual items do not get approval in the chamber.

Senator Bourget: I would not swear to it, but I think they do. There is a question of principle involved here. If a report is made to the Senate and a senator is opposed to one of the recommendations, he should have the right to say so. How can he do that if somebody does not ask that the report be approved here? I am not sure about the procedure we have followed in the past, but as a matter of principle it should be reported to the Senate and the Senate should approve it. In that way all honourable senators will have the opportunity to oppose any recommendation that has been made by the Internal Economy Committee. That is my view.

Senator Bélisle: I have been a member of the committee for only a year, but I believe a request is made to the chairman to report the budget to the house to be approved by the whole house.

Senator McIlraith: Honourable senators, perhaps I might clarify the point I was seeking to raise, which was that the language used in the proposed new rules limits the reports, whereas now they are not limited. They can report quite widely now under the motion made, quoted earlier by Senator Langlois, which was a wide power of report. Under this proposal they are to report only the results of the consideration; they cannot report proposals; they recommend to the Senate. They cannot report a dozen and one things that they might wish to report. They cannot report other things that it is usual for a committee to report. This will be the most limited committee in the Senate in its reporting.

Senator Hicks: Surely Senator McIlraith's position puts too restricted an interpretation on it when he reads into it that they report only the result of such consideration. Surely as a result of such consideration they might make recommendations. I should think that is consistent with the language used.

Senator McIlraith: How do you get a recommendation approved?

Senator Hicks: By motion in the Senate, which could be made by the chairman of the committee reporting.

Senator Grosart: As a member of the committee which suggested these revisions of the rules, perhaps I might make a few comments. On the matter of reporting, one of the things we discovered was that there was, and still is, no general requirement for any committee to report, other than the two referred to. Committees are not always required by our rules to report.

On the matter Senator McIlraith raised, I agree with Senator Hicks that the requirement that this committee report the "results of its consideration" gives it not only the widest latitude in reporting but requires it to report the results of what it has done. The "result" may be the decision it has reached or that it has reached no decision or that it has heard witnesses and reached such and such a decision. I do not see it is in any way limiting. On the other hand, it is a fact that this committee is required to report, which I think should to some extent answer Senator Croll's suggestion that it is empowered to undertake any matter relating to internal economy.

Senator Croll: Report when?

Senator Grosart: Perhaps you will allow me to finish. The other committees are not required to report.

Senator Croll: But they do.

Senator Grosart: The fact that this committee is required to report I think assumes that it would have to report within a reasonable time. Surely we do not have to say it should report within three minutes, three days or three hours. This committee is required to report, and it is one of two committees in the Senate that are required to do so. That has been put in the rules.

On the question whether the committee is being given too great a power of initiative, surely all this does is to bring the rules into line with what has been the practice all along. The Internal Economy Committee deals with such matters as whether a senator is to have a new carpet, or whether an employee is to have his salary classification raised. It would obviously be impossible if this committee had to wait for every single one of hundreds of items with which it deals in a year to be raised in the Senate and then referred to it.

As I remember our discussion, that was the intent of this change, to bring the rules into line with practice. Surely there could be no other practice, as the chairman of the committee said, than that this committee should have responsibility for all the housekeeping of the Senate, and not only housekeeping but the budgeting, which is often a separate item. Having this responsibility, the committee simply has to be seized of situations as they arise, go to work and do something about them. As I said a minute ago, it would be absurd to suggest that this committee should wait until somebody raises a matter in the Senate and have the Senate refer it to the committee. We never have operated in that way.

Senator Croll: The committee has been operating like this for many, many years. Any time we have referred a matter to the committee it has sooner or later discharged its responsibility of reporting back that it has handled the matter in one way or another. Every committee gives us some report on anything that we pass to it.

Senator Grosart: But it is not required to by the rules.

Senator Croll: When you say it is not required to by the rules, it has been taken for granted that that is the way it is handled. It has always been done that way. If it did not report back, sooner or later the question would arise as to what had happened to the report on this or that bill. Up to the present time the committee has always had its hands full. If I recall correctly, we used to pass the accounts over to them and let them deal with the matter. They then handled it. In what manner did you handle your responsibility before this amendment was proposed?

Senator Grosart: We were just doing what came naturally.

Senator Laird: Honourable senators, perhaps I might reply briefly to Senator Croll. I think the answer to his last observation is that the committee was able to operate with any degree of efficiency only by virtue of the motion passed from year to year.

Senator Croll: Yes.

Senator Laird: Otherwise it would be sunk, for the reasons given by Senator Grosart. It would be utterly impossible for us to wait for action on any given small matter—dozens, if not hundreds arise—until it was moved in this chamber that we give consideration on it. We have simply got to move faster than that. That is the reason, of course, why the motion was passed each session.

● (2150)

I suggest, with respect, that the Rules Committee is making this practice a permanent part of the operation of the Senate.

Senator McIlraith: Would the honourable senator not agree that the elimination of the necessity for the motion takes away the rights of senators who are not on the committee to raise questions about the internal administration or management of the Senate? The motion is a debatable motion. When there is no motion, honourable senators have lost the forum in which they may make suggestions regarding the management of the Senate.

Senator Laird: It is obvious that we are all concerned that the committee does not act irresponsibly. First of all, of course, the committee is composed of 20 members who, because of their number and diversity of experience, are capable of dealing adequately with any situation.

Secondly, do not forget that while it is true these meetings are held *in camera*, any senator is free to attend. However, the fact of the matter is that we never have any problem in getting a quorum. I would be willing to guarantee that our average attendance is 20, because at each meeting there are two or three non-members.

I believe it is just impossible for the committee to function without this power, and it should not be necessary to request it session by session. There is adequate protection, for the reasons I have mentioned; there is adequate supervision of what transpires.

On motion of Senator Argue, debate adjourned.

ANTI-INFLATION POLICY

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY LEGISLATION

Hon. Léopold Langlois moved pursuant to notice:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the subject-matter of the Bill C-73, intituled: "An Act to provide for the restraint of profit margins, prices, dividends and compensation in Canada," in advance of the said bill coming before the Senate, or any matter relating thereto; and

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

He said: Honourable senators, I should like to give a word of explanation as to why the Banking, Trade and Commerce Committee was selected to make this study. We have received many representations suggesting several committees to consider this legislation, particularly the National Finance Committee and the Health, Welfare and Science Committee. Consideration was given to these representations, and to the tasks assigned to various committees.

The Standing Senate Committee on National Finance has the power to examine papers and other matters relating to federal estimates generally and, more particularly, to national accounts and government finance. The Standing Senate Committee on Health, Welfare and Science shall have referred to it all bills and matters relating to health, welfare and science, generally, veterans affairs, and so on.

It was thought that these committees could have made a thorough and proper examination of the bill in question. However, considering the tasks assigned under our rules to the Banking, Trade and Commerce Committee, which has the power to study bills, petitions, inquiries and matters relating to banking, trade and commerce—including; banking, insurance, et cetera; customs and excise; taxation legislation; patents and royalties; corporate and consumer affairs—it was considered that this latter committee was the appropriate committee to which this bill should be referred.

Honourable senators, I draw your attention to the fact that the bill in question has many references to sections of the Income Tax Act, and taxation legislation is one of the subjects assigned to the Banking, Trade and Commerce Committee. I hope that honourable senators will concur in the choice which was made after due consideration.

I commend this motion to the favourable consideration of the house.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 19, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Senator Langlois, with leave of the Senate and notwithstanding rule 45 (1) (i), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

The Hon. the Speaker: Honourable senators, is there unanimous consent?

Senator Flynn: I think it would be useful if we had a word of explanation on the record.

Senator Langlois: Honourable senators, this motion is necessary because this committee has no general power to engage technical advisers as has, for example, the Standing Senate Committee on National Finance. The motion I moved last night with respect to the consideration of Bill C-73 included this power to engage the services of technical advisers. I am simply making a motion now that will apply to all matters referred to this committee in the future by the Senate.

Senator Flynn: "In the future" are the words that worry me. I am aware that this power has in the past been accorded to the committee insofar as matters referred to it were concerned. But, as I recall, permission was always granted with regard to advance examination of particular pieces of legislation, like Bill C-73. I feel that we are now departing from the method of giving that power for specific purposes. I can understand the situation with the Standing Senate Committee on National Finance. They have a general mandate. But usually the Standing Senate Committee on Banking, Trade and Commerce has specific mandates, and I do not see why we should be called upon to give this power at this time for any future legislation that may be referred to it. Such power would be too wide, in my view. If the chairman is willing to say it is only at this time and in connection with Bill C-73 that this authority is needed, then I would have no objection, but I should like to know what other legislation may be referred to this committee in future.

Senator Hayden: Honourable senators, my friend knows very well that my crystal ball does not enable me to see far enough ahead to determine what legislation may be referred to this committee. I certainly hope it may be found unnecessary to refer any further legislation before

the Christmas recess. As to the status of Bill C-73 at the present time, this motion is certainly needed.

Certain items are outstanding and there may be a question as to whether they are covered by the authority we have had so far. When the subject matter of a bill, White Paper or whatever it may be, has been referred to committee for study, there is usually a budget in relation to that subject matter. Subsequently, however, when the bill itself comes to the Senate and is referred to committee, this motion would bring everything up to date and nullify any suggestion that we do not have authority to spend funds for technical assistance.

As far as the future is concerned, it can take care of itself. If a subject matter is referred to a committee for study, then we can ask the Senate to award the committee funds for that purpose. The best way to stop the inquiry is, of course, not to award the funds.

● (1410)

Senator Grosart: If I may comment on that, it appears to me that there are committees which do have permanent staffs. Whether the authority for that is from the Senate itself or arises merely from a budget approved by the Internal Economy Committee, I am not altogether sure. In determining the matter raised by the Leader of the Opposition, it might be useful for us to have some further information. What committees now have permanent staffs consisting of one or more? And what is the authority for that? I suggest that the debate on the motion be adjourned until we have that information.

Senator Hayden: Well—

Senator Grosart: I have not made such a motion, senator. I am merely suggesting it.

Senator Hayden: I want to point out to my friend that we will not be able to proceed with our hearing on the subject matter of Bill C-73 unless we know that there are some funds in the offing, because we require certain technical staff. Since the study will not take long I do not expect that the amount of money will be substantial. But that is the position we find ourselves in, and the point is that if we wait for a debate on the whole subject we might well have reached the Christmas recess by that time.

Senator Flynn: Honourable senators, I am merely asking the chairman of the committee if, before he uses the authority provided in this motion for purposes other than the advanced study or the regular study of Bill C-73, he would so advise the Senate. That is the only point I am making now.

Senator Croll: I suggest we pass the motion for the present and cut out the word "future".

Senator Langlois: The word "future" is not in the motion. It refers simply to matters which "may be referred".

Senator Croll: "May be referred" is the same thing. I suggest we change it to say "for this particular matter."

Senator Flynn: I am satisfied with the assurance of the chairman.

Senator Langlois: In any event, the committee chairman would have to submit a budget to the Internal Economy Committee and control would be exercised at that point.

Senator Flynn: Yes, but the Senate would not know in advance. I merely put that warning on the record.

Motion agreed to.

CRIMINAL CODE

THERAPEUTIC ABORTIONS—QUESTION

Senator Sullivan: Honourable senators, my question has to do with the setting up by the former Minister of Justice, Mr. Otto Lang, on September 29 last, of a committee to conduct a study to determine whether the procedure provided in the Criminal Code for obtaining therapeutic abortions is operating equitably across Canada.

The composition and terms of reference of the committee cast serious doubt upon the committee's ability to produce a factual and unbiased report.

I raise these points, first, because one of the members of the committee, Dr. Marion C. Powell, is a well-known pro-abortionist. She is an outspoken member of the Doctors for Repeal of the Abortion Law, a small medical group which is very active in trying to have abortion removed from the Criminal Code. These people are determined to have this country accept the idea of abortion on demand. The minister might just as well have appointed Henry Morgentaler to the committee.

My second reason for raising this issue is that the terms of reference of the committee are also pro-abortion. The committee is asked, for example, to determine whether the views of the doctors and hospital boards are dictating the refusal to have abortions performed. But the committee is not asked to determine whether the views of the doctors and hospital boards are resulting in the practice of abortion on demand in some hospitals.

There is no question but that there is widespread abuse of the abortion law in this country. If we are to set up any committee to study the matter of abortion it should be one that would be charged with looking into the extent of the abuses of the abortion law and the corrective measures that should be taken. The data it collects, the sources of that information and the statistical methods employed by the minister's committee should be made public. The knowledge and experience of the public should also be sought to supplement the data gleaned from official channels. No biased committee guided by slanted terms of reference and working in complete secrecy can serve any valid and useful purpose. As far as I am concerned, the committee as it is presently constituted is completely unacceptable.

Would therefore the government leader inquire of his colleague, the present Minister of Justice, if he would be willing to reconsider both the composition of the committee and its terms of reference?

[Senator Langlois.]

Senator Perrault: The honourable senator has both asked a question and made a rather lengthy statement on this subject.

Senator Grosart: It was a long question.

Senator Perrault: On a matter of this kind, it is extremely difficult, of course, to strike a committee which is satisfactory to all the viewpoints which exist in Canada on this extremely controversial question. However, I assure the honourable senator that his views will be communicated to the Minister of Justice, and that I will undertake to obtain a statement from the minister in reply to the observations made this afternoon.

Senator Flynn: It would be interesting to have the opinion of the former Minister of Justice also.

Senator Walker: We already know them.

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS—STATEMENT

Senator Perrault: Honourable senators, I have a further report with respect to the postal dispute.

The postal situation continues to improve across the country today as more staff offices and postal stations reopen. There are now at least 155 offices being manned by something in excess of 2,000 Canadian Union of Postal Workers employees. Additional offices reopening today include Rothesay, New Brunswick; Summerside, Prince Edward Island; Strathroy, southwestern Ontario; Collingwood, Ontario; Rexdale in Metro Toronto; Dawson Creek, Vanderhoof and Chilliwack in British Columbia, and the Yukon.

Federal pension cheques are being distributed to post office stations across the country today from regional offices, and letter carrier delivery of the first batch is expected to start Thursday and Friday. We have a late report this afternoon from New Brunswick. The president of the Fredericton local has stated that his workers could vote to return if they wished.

Senator Flynn: Would the government leader tell us how many post office employees are back to work?

Senator Perrault: I think we are looking at a total of around 8,000.

Senator Flynn: That is the number of post offices.

Senator Perrault: Yes. I thought you said post offices.

Senator Flynn: No.

Senator Perrault: It still represents a relatively small percentage of employees back at work, but there is an encouraging trend.

● (1420)

Senator Choquette: Can the Leader of the Government tell me who directs the people who are returning to work as to what type of mail is to be delivered? All this week we received third- and fourth-class mail, such as Eaton's catalogues, cheap magazines, Christmas seals—

An Hon. Senator: *Playboy*.

Senator Choquette:—and items like that. I am wondering how sincere these people are, and who is directing their work.

Senator Perrault: The question relates to the type of mail which is being delivered by post offices now back in operation. I am unable to provide that information. When we question the sincerity or goodwill of postal workers, however, I maintain the view—and I think it is shared by most members of the Senate—that the vast majority of postal workers want to put in a good day's work. They are becoming very frustrated with some of the leadership they appear to be getting from their union.

Senator Walker: Is it true that Mr. Davidson, the leader of it all, is an avowed communist? I do not know about his being an avowed communist, but is it true that he is a communist, and is working at it? His object in that case, of course, would be anarchy, would it not, instead of getting the people back to work? In that connection, have the postal workers been allowed a free vote recently?

Senator Perrault: Apparently, there has been a concerted effort by Mr. Davidson to prevent any of the workers from exercising their right to a secret ballot or a secret vote on the current offer. The standard procedure has been for this question to be raised at the meetings: "All those who are opposed to the actions of the trade union leadership please stand up." I suggest that there is a considerable difference between that kind of procedure and a healthy democracy.

In connection with the question asked at the outset, there are indications that some of the CUPW leaders do not subscribe to the principles and standards of our parliamentary democracy—principles and beliefs subscribed to by those in this chamber and the vast majority of Canadians.

Senator Buckwold: Honourable senators, I think it is encouraging to note that by a very slow process more and more postal workers are returning to work. I would like to suggest to the Leader of the Government that he pass on to the Postmaster General the suggestion that those workers who do return to work, or those who might like to but are refraining from doing so because of fear of the consequences, should receive perhaps even more encouragement than they have had to date from the government, and that such kind of retributive action will not take place in the future. Several postal workers have said that they would like to go back to work, but that they are really frightened of the harassment that could eventually occur, if the threats that have been made are any indication.

I feel that if strong representations of this type were made by the Government of Canada there would be more and more postal workers returning to work. This would occur much more rapidly if the employees knew, and were really assured, that their own security and working conditions would not deteriorate as a result of their actions. We must also bear in mind the kind of harassment there has been on the picket lines, where those who cross those lines are being subjected to all kinds of vilification.

If the kind of assurance I speak of were given, I think we would soon see a flood of workers returning to the post offices.

Senator Flynn: Question mark.

Senator Macdonald: May I ask the Leader of the Government if it is not a fact that in the normal course of collective bargaining the only time that a matter such as this is put to the employees is after some kind of an agreement has been arrived at between the negotiating committee for the employees and the employers? Is it not most unusual for the employer to ask that his proposition be put to the employees when the negotiating committee has not agreed to it?

Senator Perrault: You are suggesting, senator, that it would be unusual to have the membership express their view with respect to the last offer of the federal government. Well, it is a matter in controversy, and, of course, the position of the government is that because the final offer is substantially different from the earlier offer made to the inside employees of the Post Office, democratic practice suggests that there should be a ballot—a secret ballot—by the workers. I support that view, and I think most Canadians support that view. The leaders of the union, however, take the position that they were given a broad and vast mandate, and that they are not obligated to ask the workers whether or not they wish to go back to work. Their motives may be substantially beyond merely the return to work of the people they purport to represent, and a restoration of postal service.

Incidentally, there is a misleading report being circulated by some leaders of the union that those workers who return to work will lose their status in the Post Office. The fact is that it is not necessary to belong to the union in order to work in the Post Office. The Rand formula applies and CUPW membership is not mandatory, so those workers who believe they should go back to work, and wish to do so, need have no fears about their job security.

Senator Macdonald: I would just like to comment that it does seem to me, forgetting about the postal strike, which everyone would like to see settled, that it is setting a very unusual and, to my mind, very bad precedent, if the employer is able to say, when he does not agree with the negotiating committee, "You must put our proposition to the membership." To me that is a negation of collective bargaining.

Senator Perrault: Well, there are certain special circumstances in labour relations across this country at the provincial and, I understand, the federal level, where there can be government supervised ballots under certain conditions. The idea of a supervised ballot is not an unprecedented situation. Indeed, many suggestions are now coming in from across the country that we should have a government supervised secret ballot to get this thing resolved.

Senator Macdonald: That would be a new course to follow in collective bargaining.

Senator Walker: It is about time we had a new course in collective bargaining, with this strike going on week after week. If the present system does not work, it is in the public interest that we have something new that does.

Senator Macdonald: We should remember that the government did give these people the right to strike. If they exercise that right, why complain about it?

Senator Walker: Because the public is suffering, and suffering greatly.

Senator Macdonald: When you gave the right to strike, then you automatically took into consideration, I presume, that a strike would at some stage occur.

Senator Walker: We had nothing to do with that on our side.

Senator Macdonald: We passed it, though.

Senator Perrault: The proposal here is not to remove the right to strike. The real question at stake is whether a small group of powerful leaders of this union shall have the right to deny the workers the opportunity to ballot secretly on the last and best offer of the government, a government acting on behalf of the people of Canada. That is the essential question here.

An additional question arises as to whether or not they are afraid to have a secret ballot because of their own personal positions in the union.

Senator Macdonald: All right, forget about the strike. As I said, in the ordinary course of collective bargaining, is this going to be a precedent? In any employee-employer relationship, when the point is arrived at where the employers say, "We cannot give you any more"—and perhaps they are right; perhaps they cannot give any more—is it not a whole new method of conducting collective bargaining for the employers to say, "Put our proposition to the membership"?

Senator Forsey: I quite agree with Senator Macdonald on this point. It would be an innovation. Whether it is an innovation that is justified in the peculiar circumstances of this case is another matter, but I think the warning Senator Macdonald has given us about this becoming a precedent is a very sound one, and one which anyone with experience of labour relations would endorse.

Senator Perrault: I would remind honourable senators that when the public interest is very much at stake, as it is in a dispute of this kind, any government, regardless of its political persuasion, must ultimately act in the public interest, as successive governments have acted in respect to a number of disputes including the tie-up of ports, the grain situation, transportation crises and like situations. Such action has been taken by New Democratic governments, Social Credit governments, Conservative governments, Liberal governments, and others. Ultimately the public interest is very much at stake in matters of the kind discussed today. I do not disagree with you, senator, but I do say that there comes a time when any government must act in the public interest.

Senator Forsey: I quite agree, but at the same time I think it is worthwhile that we should have this caveat from Senator Macdonald who, I should imagine, has very great experience in this field. My own limited experience in this field would lead me to feel that his caveat is one that should be heeded.

● (1430)

I was very careful to say that the circumstances in this case may justify a departure from the normal procedure, but I think we should heed the caveat, the warning, which Senator Macdonald has given us about the application of

[Senator Macdonald.]

this generally, because it could have a very, very far-reaching effect, an almost revolutionary effect on labour relations and collective bargaining. I do not know whether Senator Goldenberg, with his enormous experience in this field, would care to make any comment on it, but I think if he did it would be most valuable for the chamber.

Senator Goldenberg: Honourable senators, I am not going to discuss the postal strike or the circumstances surrounding it, but there is no doubt that the caveat set out by Senator Macdonald is correct. I fully agree with what he and Senator Forsey have said.

Senator Flynn: Honourable senators, I put a question to the Leader of the Government the other day about the refusal of the union leaders to put the proposals to the membership. I posed it in the context of permanent legislation which the government could use, after a period of time, when the public interest is at stake. There is no legislation presently that could force the leadership of a union to put the proposal to its members. So I put the question to the Leader of the Government whether in permanent legislation dealing with strikes affecting the public interest such a device should not be included, and I think it is something that should be seriously considered.

Senator Perrault: I want to assure Senator Forsey, Senator Goldenberg and Senator Flynn that the government does not anticipate at this time forcing a vote of this kind.

Senator Flynn: It cannot.

Senator Perrault: No, it cannot, but, frankly, governments finding themselves in a position such as this one inevitably must seek out alternatives to protect the public interest.

Senator Macdonald: Honourable senators, in looking back in the history of collective bargaining, it comes to mind that there was a law passed in the 1920s, in Kansas or some such place, when Samuel Gompers was the President of the American Federation of Labour, and the same thing happened. They passed a law containing the words "in the public interest", but over the years it has never been determined what can be done when the public interest is involved. Of course, the public interest is involved, but why give the right to strike when you know that the public interest is going to be involved? If you give the right to strike, then you cannot complain if that right is exercised. That is my point.

Senator Walker: Honourable senators, it's about time we got rid of a lot of this huffy-duffy and settled down to the realization that we are faced with a crisis where the public interest is being abused abominably. We must consider the fact that some labour leaders are communists, and their object is anarchy—they just do not give a damn about the rules, or the public interest—so it is time that something was done. The government has done nothing so far except to humour these people and allow them to go on week after week.

It is all very well for the professors and great constitutional authorities to get up and explain what the law is at the present time. Most of us know what the law is, but I suggest that the time has come, and has even passed, when the situation has ceased to be a joke. The time has come

when something must be done—by legislation, if necessary—to force the postal workers back to work, in the same way that the railroad workers were ordered back to work. Why should this strike go on week after week?

We know in advance that the Prime Minister, under the new regulations, cannot offer them anything more than they are being offered at the present time, so why should the public be damned the way they are being damned every day? It is a shocking commentary. It is all very well to sit here and be wise, and listen to those profound professors in this chamber who won't ever do anything except follow the rules. Let us make rules that will enable us to change the present situation, and get the postal workers back to work. This thing cannot be, and should not be, tolerated any longer.

Senator Forsey: I was not aware that Senator Macdonald is a professor. I am most interested to hear that.

Senator Walker: I was not aware that you are a lawyer, but you profess to be one.

Senator Goldenberg: May I add one more word in answer to Senator Walker?

Senator Walker: You are a professor; I can see that.

Senator Goldenberg: Senator Walker made certain statements about the leaders. There is nothing to prevent the government from asking Parliament to order the workers back to work, and we may be coming to that very shortly—I do not know. But, if that is done now, will it not really take those leaders off the hook? Everything has to be done at the proper time.

Senator Walker: When are you going to take the public off the hook?

Senator Goldenberg: The public does not seem to be complaining very much at the present time.

Some Hon. Senators: Oh, oh!

Senator Walker: In the ivory towers of professors they do not hear this.

Senator Macdonald: Honourable senators, I do not think my ivory tower is as high as that of Senator Walker.

PARLIAMENTARY ASSEMBLY OF THE COUNCIL OF EUROPE

TWENTY-SEVENTH SESSION, STRASBOURG, FRANCE

Honourable Maurice Bourget rose pursuant to notice:

That he will call the attention of the Senate to the Twenty-seventh Session of the Parliamentary Assembly of the Council of Europe held in Strasbourg, France, from 6th to 8th October, 1975, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

● (1440)

[Translation]

He said: Honourable senators, early in October of this year, more specifically on the 6th, 7th, and 8th, I had with Mr. Gerald Baldwin and Mr. Marcel Prud'homme of the other place the privilege of representing Canada at the

27th session of the Parliamentary Assembly of the Council of Europe. Our delegation had been chosen to attend the session and take part in the proceedings on the activities of the OECD in 1974. Our participation resulted from an invitation addressed to the Speakers of both Houses of the Canadian Parliament by the Parliamentary Assembly of the Council of Europe.

You will probably recall that early in February last, the president of the Council of Europe, Mr. Vedovato, made an official visit to Canada to improve relations and intensify cooperation between Canada and Europe and more especially with the Council of Europe. During that visit, the three presidents agreed to the participation of the Canadian parliamentarians in the proceedings of the Parliamentary Assembly of the Council of Europe.

As I mentioned a few moments ago, the main reason for our participation was to attend the session and take part in the proceedings on the activities of the OECD of which Canada is a member. However, we were also given the opportunity of unofficially discussing in plenary meeting first, and with the members of the commission the political issues and future relations between the Council of Europe, Canada and the United States. I will return to this during my comments.

At the opening of the debate on OECD operations, we had the pleasure to hear Mr. de Niet, reporter for the Commission on Economic and Development Affairs, who summed up his report. He drew the attention of the Assembly to the recent activities of the Organization in the area of energy, and in particular on the creation of the International Energy Agency and the Financial Support Fund which, he said, will be most useful in future years for the members of this organization. Speaking on the current economic crisis, he said he was satisfied that a few countries—and I suppose honourable senators have read in this morning's *Gazette*, or yesterday's *La Presse* that the situation as described at the time the meeting took place, as I said, in October, is not according to United Nations experts as attractive as Mr. de Niet perceived it when he addressed us in October.

However, dealing with the economic crisis, he felt happy at that time that a few countries had reached the bottom of the wave, and he was calling on them to try to improve their internal situation and promote exports from other member countries. He deplored the fact that one of the most dramatic consequences of the crisis was unemployment that seemed to affect mostly younger people. He congratulated the OECD for having decided to hold in the near future a tripartite conference on unemployment, that will bring together representatives from governments, employers and unions. This conference is to be followed by the labour ministers' meeting in March 1976. Finally, he expressed regret that official assistance to the developing nations was not averaging more than .33 of one per cent of the GNP while it had been .71 of one per cent in 1973. Therefore he wished for a marked improvement in that area and greater cooperation with the underdeveloped nations.

Mr. De Bruyne, from Belgium, reporter for the Science and Technology Commission, followed Mr. de Niet to the stand. He told the Assembly he was pleased with the orientation of some scientific research undertaken by

OECD, such as the research activities in social science. He also insisted upon the matter of technology transfers to developing countries and in conclusion recommended that OECD should speed up the tempo of its studies on multinational companies.

Another important participant in that debate and, indeed, the most important one, in my opinion, was Mr. Van Lennep, Secretary General of OECD who centered his remarks around the three main themes of the resolution proposed to the Assembly, namely:

First, the reaction of OECD countries to the main economic disruptions and difficulties of the last couple of years.

Second, the policies to be adopted to end the current recession and head towards a non-inflationary recovery consistent with the new situation.

Third, the need for OECD countries to react in a constructive way to the ever stronger trend towards world economic interdependence.

On this subject—I am now addressing myself to the first theme—the Secretary General reminded the assembly of the adoption by OECD members of the "Trade Pledge" which was aimed at limiting the risks of an escalation of protectionist measures and of a trade war, plus a recycling of petrodollars which has permitted the international money market to bring in money where it was needed. He mentioned also the agreement creating the OECD support fund, on April 9, 1975, to help countries faced with considerable financial difficulties. He advised the Assembly of the setting-up by the OECD Council in November 1974 of the International Energy Agency, to plan and operate an energy cooperation program, to share oil supplies in emergency situations, and to decide on an oil consumption reduction for the forthcoming years.

On the subject of the prospects for a new non-inflationary growth, Mr. Van Lennep indicated that for the whole of the OECD area, which comprises 24 countries, economic activities had already passed the turning point, following the recovery of the United States and a certain resumption in Japan. He suggested that the new OECD projections will probably show an increase in gross national product of from 3 to 4 per cent. As I said a while ago, it seems that since Mr. Van Lennep made this statement, the figures have changed a little. At that time, however, he predicted an increase in gross national product of from 3 to 4 per cent and perhaps an increase of 5 per cent in the volume of imports and exports. He pointed out, however—and on that he probably was anticipating some drawbacks—that prospects vary a lot from one country to another and that there are a good many unanswered questions. In Europe, for example, there are now very few early indications pointing to a sudden turn in the trend, and that is where confidence can play a crucial role. It will be necessary, in his opinion, to maintain confidence and convince public opinion that we can progress in the fight against inflation. For this purpose, it might be necessary for certain European countries to take new steps for economic revival, and this as soon as possible. In order to help the member states reassess the prospects for sustained economic growth in the present circumstances, Mr. Van Lennep indicated that the OECD Ministerial Council had asked an independent group of distinguished economists to examine the political

[Senator Bourget.]

issues which might surface in seeking economic growth without fueling inflation. This group will be headed by Mr. Paul McCracken, former chairman of the United States' Council of Economic Advisers.

● (1450)

Mr. Van Lennep concluded his remarks with a reference to the need for more constructive relations with the underdeveloped countries. He told the assembly that the climate within the governments and the international organizations had improved since the adoption last May, at the ministerial meeting of the OECD, of a statement on relations with underdeveloped countries. As we know, the purpose of that statement was to strengthen the position of those countries in world economy, and to provide for discussion on matters of food production, energy, raw materials and development assistance with regard to these countries whose needs are the greatest. Of course, he said, the climate is better, but we must not forget that getting there will be a long and difficult proposition. A big effort will be needed to create a better economic balance between industrial and underdeveloped countries, or, as it has been said, to set up a new international economic order.

After Mr. Van Lennep's speech, I had the opportunity to make a few comments on certain operations of the OECD which are of particular interest to Canada. I told the assembly that our country had been glad to endorse the "Trade Pledge" adopted by member countries in May 1974, as well as its renewal for another year as of last spring. Canada believes that this statement, along with the creation of the Financial Support Fund, which Canada supported enthusiastically, will contribute to economic stability and restore confidence among industrialized countries. As an important trading nation depending so much on our external trade, it is of considerable interest to us that commercial exchanges be as free as possible. Our present economic situation is very similar to that of the majority of the member countries of the OECD and that is why Canada depends to a very large extent upon greater cooperation between all the industrialized countries and upon the economic recovery of our neighbour to the south to improve our situation.

Another point which I emphasized was the creation by the OECD, in January 1975, of a committee on international investment, especially by multinational companies.

I mentioned that Canada took a very special interest in the project as one of the countries which have obtained the largest foreign investments. That is why a task force was set up and we, in Canada, have submitted many suggestions in this regard. I pointed out that one of the important aspects stressed by Canada with regard to that code of ethics, was that the latter must address itself to the multinational companies rather than to the governments, mainly because of its extraterritorial legal applications. We sincerely hope that the committee of the OECD will go ahead with that code.

Another Canadian delegate who took part in the debate was Mr. Gerald Baldwin; he dealt mainly with the question of energy. He mentioned that, at the present time, Canada imports energy, and that in spite of our tremendous energy resources, we will surely develop them, not only in our own interest but also in that of the rest of the world. That is why, he said, it is important for other countries to join

us in the exploration and development of those resources. He added that he agreed with the government decision concerning the setting-up of an international energy agency.

During his remarks, Mr. Baldwin called the attention of the Assembly to the important question of the conservation of the energy now at our disposal. He deplored the fact that in many parts of the world this problem seems to be somewhat ignored. In the fight against pollution and waste of energy, he averred, parliamentarians have an eminent role to play, not only to enlighten public opinion but also to help governments make the difficult decisions which must be made.

The other Canadian delegate who took part in that debate—there were three of us—was Mr. Marcel Prud'homme who dealt with the matter of our relations with the underdeveloped countries. He said he rejoiced in the fact that the members of OECD appreciate the importance of their relations with those countries, for their voice must not remain unheard. He reminded the Assembly that our Secretary for External Affairs, Mr. MacEachen, at the 7th Special Session of the United Nations General Assembly, in early September, mentioned the importance of avoiding a confrontation and of ensuring, through positive cooperation, a better solution to our difficulties, more particularly in the fields of basic commodities, including, of course, energy resources. He added that Canada does recognize the validity of the suggestions on the new international economic order, and that our country will do its best to reduce the unacceptable disparity between rich and poor countries.

On this subject, he said that our country had announced its strategy on international development cooperation for 1975-80, at the special meeting of the United Nations held early in September. He also mentioned a few essential points of that new policy. I presume honourable senators have heard about this new strategy which, in fact, was made public even before the special session of the United Nations was held in New York in early September. Moreover, I think honourable senators may have received the document; if not, it will be easy for them to get it, and then they will be able to read about the strategy the Canadian government wants to adopt for the coming years, namely, from 1975 to 1980, to respond to a request made at one of the sessions of the ministerial council of OECD, to improve the economic situation in the world.

Mr. Prud'homme concluded his remarks wishing that the legitimate rights and aspirations of the developing countries become the main criteria of our discussions and action.

On Tuesday, October 7, in the morning, the presentation and the discussion of the report of the Commission on Economic Affairs and Development on European shipping policy was on the agenda. I was then given the opportunity of outlining briefly Canada's position on this subject. I stated that our country to a very large extent depends on its export markets for the balance of its economy. I added that because Canada has had no merchant marine since the end of the last war, we largely depend on our system of free competition between shipping companies, which are members of the shipping conferences and the others, to get the best and most economical service possible. I also added

that if our country failed to sign the United Nations agreement on a code of behaviour for the shipping conferences in Geneva last year, it was because we were opposed to certain clauses in this code, in particular those aimed at reducing competition between the different shipping companies, and also because the conciliation procedures had been formulated too hastily.

To conclude, I informed the assembly that our government was now considering the possibility of initiating a new shipping policy and that this policy would be released shortly. Canada will then be in a better position to present further suggestions concerning the code of conduct of sea conferences.

During the afternoon of October 7, the question of the relations between Western Europe, Canada and the United States was on the agenda, and Mr. Gerald Baldwin was the speaker for the Canadian delegation. After having made it clear that Canada was in no way prepared to sacrifice the close relationship it has with the United States, Mr. Baldwin said that Canada was nevertheless eager to develop closer links with other parts of the world, particularly Europe from which we inherited our language and culture. Since the European community was enlarged, it has become one of Canada's major trading partners, he said, and our Parliament has concluded an agreement with the European Parliament providing for a yearly meeting to be held alternately in Europe and in Canada. As far as the relations between the Council of Europe and Canada are concerned, he indicated that the President of the Consultative Assembly, Mr. Vedovato, had agreed with the Speakers of both our Houses to hold those parliamentary encounters regularly.

As stated in the proposed resolution, he added, the democratic governments must first reaffirm their loyalty to genuine democratic ideals and their determination to check the continuous erosion of democratic institutions. At a time when the interdependence of nations becomes more and more evident, he said, in concluding, it should be easier for the countries to cooperate, provided that they respect freedom of information and expression. It is in this spirit that we Canadians intend to cooperate with Europe.

Those are, honourable senators, the remarks I wished to make concerning this meeting with the members of the Council of Europe which, in my opinion and in that of both my colleagues from the House of Commons, has been most rewarding, interesting and successful.

In concluding, I would like on behalf of my colleagues and myself to thank most especially the President of the Assembly of the Council of Europe, Mr. Czernetz, for the warm attention he extended to us during the meetings of the Assembly, as well as Mr. and Mrs. Guarneri, who attended to the Canadian delegates during our stay in Strasbourg. I also have to mention the precious and clever cooperation that Mrs. Carol Seaborn, who acted as an adviser and secretary to our delegation, extended to us during this meeting.

● (1500)

[English]

The Hon. the Speaker: As no other senator wishes to participate, this inquiry is considered as having been debated.

PRIVILEGES AND IMMUNITIES OF SENATORS

MOTION TO APPOINT SPECIAL COMMITTEE—DEBATE ADJOURNED

Senator Perrault, pursuant to notice, moved:

That a special committee of the Senate be appointed to examine and report upon the privileges and immunities that apply to members of the Senate within the precincts of the Senate, and the powers of the Speaker in respect thereof.

He said: Honourable senators, this motion flows from the recent debate in which the matter of the privileges and immunities of senators within the precincts of the Senate were discussed. There was a general belief expressed at that time that, because of the rather indeterminate nature of the precedents which would apply to such occurrences as the search that was made of a senator's office, and the general lack of specific information about those privileges and immunities which exist here, it would be useful to have a special committee look into the question, without going into the issues affecting any one particular senator. The motion would have only the general question discussed.

The special committee that it is proposed be set up would endeavour to establish a list of the immunities and privileges that exist, and report its views back to the Senate.

Senator Croll: On a matter of privilege, honourable senators, I would like to raise one question. Are we not liable to embarrass a fellow senator if we start such an investigation? The idea will go out to the public that we are doing something that we are not supposed to be doing. Should we not let the matter rest until some later time? I think it is quite unfair to the senator whose name has been bandied about for us to hold any investigation or inquiry at this particular time.

Senator Perrault: There are two things I should like to say in reply to that.

First of all, the terms of reference of this committee specifically exclude reference to any particular case, or any individual situation, which may be under discussion.

Secondly, it is not necessary, if that is the wish of the Senate, to rush into this within a two-day period. However, at some point I think it would be useful to have this committee develop a list of privileges and immunities which may exist, so that it will be available for senators, the Speaker, and the staff, should situations arise in the future. In my view, such a list would be helpful.

Senator Flynn: Honourable senators, I think the Leader of the Government has made it clear—and if he has not, I wish to make it clear—that the event which happened about ten days ago is not the cause, but the occasion of this motion. As everyone knows, in that particular case consent was given for the search of the office in question.

[Senator Bourget.]

As a consequence of this situation, however, several questions arose in the Senate. For example, do we have immunities or privileges, and if so what are they? We are not seeking extended immunities or privileges; we are asking if we have them, and what they are.

I think it has been clearly established that any immunity or privilege available to senators in the precincts of the Senate does not extend to criminal matters, but we would like—and I think this is the purpose of the motion—to clarify what “immunity” or “privilege” means.

It might not be necessary to go that far but, in any event, it is quite clear that the matter of immunity or privilege governing the searching of offices of members of Parliament without a warrant should be clarified.

It is not the problem of our colleague with which we are dealing at this time, because, as I mentioned before, he had given permission for the search, and there was a search warrant issued on the basis of certain sections of the Criminal Code. The idea in the present case is to probe the matter and see if it is not possible, under the guise of a criminal offence or under some other pretext, for the office of a member of Parliament to be searched.

I say again that the purpose is not to establish new immunities or privileges, but, rather, to find out what privileges and immunities, if any, we now enjoy. It may be that the timing is not of the best, but in any event it is better to look at the matter now, before another event similar to the one that occurred recently takes place.

I am not afraid of the press. This mania of always being afraid of the press is not one of which I approve. In any event, the press does not care about us at all. That is the first point, and probably the only point worth bearing in mind.

● (1510)

What I am interested in is an objective consideration of this problem. We can always consider the timing, but in my view the timing is only a matter of opportunism in the present case. We have had enough publicity on this, and I don't really expect that the press will pay much attention to us again for some time.

What I want to find out from this committee study is whether we have some immunities and privileges, and, if so, how far they go. Do they go too far? If they do, then let the committee say so.

As far as the problem of procedure in the execution of a search warrant within the precincts of the Senate is concerned, I would like to see the committee give some advice to the Speaker of the Senate and to the staff so that, if this should occur again, they will be able to proceed in a clearly-established manner that is fair not only to the members of the Senate but to the public in general. If a search has to take place, then it should take place, but we should set down very clearly the method to be followed in such cases. That is what I think the committee should direct a good part of its time to.

Again, I emphasize that I am not discussing Senator Giguère's problem. I say that this simply provided an occasion, and is not the cause of our seeking to set up this committee.

I think an objective study of this method can take place. As the Leader of the Government has said, we do not have

to start it tomorrow; we may have discussions as to the membership of this special committee. If we do not do it before Christmas, we can do it after, but I think it is in the best interests of the Senate, and the best interests of the public, that we try to clarify the situation.

[Translation]

Senator Asselin: Honourable senators, I will not discuss the merits of the motion moved by the government leader. I seldom disagree with the Opposition leader on such important matters.

However, I wonder why we should establish that committee now. Why did the Senate not think of that earlier? It was said when the motion was introduced that it was not because of the Giguère case, but on the occasion of the Giguère case.

It was also said—the government leader said so—that there was no objection to setting up a parliamentary committee on Senator Giguère's request if, of course, the official Opposition agreed. We as sensible people said it was not up to the Senate to solve the Giguère case, that it was up to the House of Commons, that the House of Commons had raised the problem and that it was up to them to find a solution.

So what we cannot do directly, we are now trying to do indirectly.

Willy nilly, when discussing privileges and immunities as applied to senators, we shall, of course, be referring to the Giguère case, because the Giguère case is the reason why this motion was introduced in the Senate; indirectly, honourable senators, we shall be ruling on the Giguère case through that committee.

It is not that I am afraid of journalists. Yet I say the time is ill-chosen for the government leader to appoint such a committee. Whether we like it or not, whether journalists or the public in general are concerned, what scares me most is that the public in general is beginning to question the credibility of the Senate and wonder why we now appoint such a committee to discuss the privileges and immunities of senators, especially as the Giguère matter was raised in the other place.

I say that this is not the right time, and we could do it more objectively once the matter is settled, and that we are placing ourselves in a delicate situation, where we cannot defend ourselves. Besides, I think people will say that the Senate is looking for privileges and parliamentary immunities on the occasion of the Giguère matter because the police obtained a search warrant and the Honourable the Speaker acknowledged the search warrant. The role of the Speaker of the Senate would be determined by that committee. I think the precedent has already been established. We know that the Speaker of the Senate is appointed, not elected, as is the Speaker of the House of Commons. I think that this is quite clear in my mind.

So I say that I regret that this very moment was chosen to set up this committee. Whether we want it or not, it is all very nice to say that it did not come on account of the Giguère case—but who would have thought of setting up this committee had it not been for the question raised about Senator Giguère in this chamber? I have the impression that by proceeding hastily in setting up the committee to look into the immunities and privileges of senators, we

are doing the Senate a bad turn. So let us wait until the Giguère case is closed, and after that we may have the committee we want to look into and define the privileges and immunities of senators.

[English]

Senator Greene: Honourable senators, I notice that the motion does not include the authority to hire counsel or staff, and I am wondering if there is some general authority that would permit that. It seems to me that most of this will require legal research. If there is no such authority, does the Leader of the Government conclude that the Law Clerk of the Senate has sufficient resources and staff available to him to undertake the amount of research required for this inquiry?

Senator Perrault: Honourable senators, the committee would decide whether legal counsel is required or not. It may prove to be unnecessary. I want to provide an assurance to Senator Asselin, who has expressed certain concerns. I am not aware of whether Senator Asselin was present the other day when we had quite a lengthy discussion.

Senator Asselin: Yes, I was here. I remember that Senator Prowse raised the question.

Senator Perrault: Then you will remember the arguments invoked on that occasion. There would or should be no attempt made here on the part of the Senate to somehow provide a protective cordon around the Senate to make it immune from any kind of legitimate investigation. But I must commend the Leader of the Opposition for a most eloquent statement this afternoon. He set out in very cogent fashion the reason why it is appropriate for the Senate to examine some of its rules, traditions and customs, and some of the terms of reference which should apply should such a situation arise again. There is no attempt here either to conduct a witch hunt or provide some special protection for the Senate. This is a democratic body, and there is no attempt here to invoke laws, privileges or immunities which ordinarily do not apply to other Canadians. The fact is that until recent events no apparent need has existed for a clarification of the position of senators, the Speaker and the staff should law enforcement officers arrive here with warrants to search certain offices.

But, honourable senators, the question goes beyond a matter of simply searching offices. The whole area of privileges and immunities which exist here should be clarified. And when the honourable senator says that this is something that we should leave to the House of Commons, then I want to say that I do not think it is appropriate for the House of Commons to determine the kind of rules, procedures and terms of reference which should apply in the Senate.

Senator Asselin: I did not say that.

Senator Perrault: Well, I regret that I may have misunderstood your remarks.

Senator Asselin: I said that the Giguère case was raised in the House of Commons, and it should be judged in the House of Commons.

Senator Perrault: The facts and the allegations in the Giguère case are now under study by the Royal Canadian Mounted Police, and the investigation should be left there.

It was agreed the other day that there should be no attempt by this chamber to conduct a parallel investigation, but we do have the right at any time to determine the rules of this chamber and to suggest how our traditions should be interpreted, and how our privileges and immunities, if any, should apply here. These are perfectly legitimate questions for the Senate to study, without any reference whatsoever to individual cases.

● (1520)

As I stated earlier, I am fully in support of the position taken so eloquently by the Leader of the Opposition on this issue.

On motion of Senator Croll, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 20, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL, 1975—
REFERRAL BY COMMONS TO SPECIAL JOINT COMMITTEE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that Bill C-52, an Act to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act, the Diplomatic Service (Special) Superannuation Act, the Members of Parliament Retiring Allowances Act, the Governor General's Retiring Annuity Act, the Judges Act, the Tax Review Board Act and the Supplementary Retirement Benefits Act, has been referred to the Special Joint Committee on Employer-Employee Relations in the Public Service.

Senator Langlois: Honourable senators, later this afternoon I may seek leave to move that the Senate concurs in the reference by the House of Commons of Bill C-52 to the Special Joint Committee on Employer-Employee Relations in the Public Service. It is a concurrent motion to extend the powers of the committee in question.

[Later:]

Senator Flynn: Honourable senators, the statement made by the Deputy Leader of the Government respecting the referral of Bill C-52 to the Special Joint Committee on Employer-Employee Relations in the Public Service is not sufficient to clarify the whole problem. I understand that that committee is scheduled to meet at 3.30 this afternoon, which would, I suppose, make this matter one of "urgency or importance," as is mentioned in rule 20.

I am wondering whether the motion will be made in time for the Senate members of that committee, or any other honourable senator who wishes, to attend with the authorization of the Senate.

Senator Langlois: Honourable senators, a motion of concurrence is in the process of being drafted. Hopefully, I will be in a position to request leave of the Senate to revert to Notices of Motions before 3.30 p.m., at which time I will introduce that motion.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Director of Investigation and Research, Combines Investigation Act, for the fiscal year ended

March 31, 1975, pursuant to section 49 of the said Act, Chapter C-23, R.S.C., 1970.

Copies of Order in Council P.C. 1975-2599, dated November 7, 1975, amending Part II of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

ENVIRONMENTAL CONTAMINANTS BILL

REPORT OF COMMITTEE

Senator Carter, Chairman of the Standing Senate Committee on Health, Welfare and Science, reported that the committee had considered Bill C-25, to protect human health and the environment from substances that contaminate the environment, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Macnaughton moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, November 24, 1975, at 8 o'clock in the evening.

Before the question is put I should like to give the house a word of explanation. In proposing the adjournment of the Senate until Monday evening at 8 o'clock, I have taken into consideration the work to be done in the committees and in the Senate itself before the Christmas adjournment. In fact, it may well be that for the next few weeks it will be necessary for us to commence our week's sittings on Mondays, although consideration will be given to the suggestion that we do so on Tuesday afternoons instead. No decision has been taken so far in this respect.

On Tuesday, the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m., and the chairman has advised me that if Bill C-65, to amend the statute law relating to income tax, (No. 2), has been referred, the committee will deal with it first. Then it will continue its study of Bill C-2, the Combines Investigation Act, and then commence its advance study of the subject matter of Bill C-73, the anti-inflation legislation. The committee will continue in the afternoon at 2.15, if the Senate so agrees. The Joint Committee on Regulations and other Statutory Instruments is scheduled to meet at 9.30 a.m.

● (1410)

The Legal and Constitutional Affairs Committee has planned a meeting on the Green Paper on Conflict of

Interest for 2.30 p.m., this also, of course, being subject to approval by the Senate. The Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 8 p.m.

On Wednesday, the Banking, Trade and Commerce Committee will meet at 9.30 a.m. to continue with the subject matter of Bills C-73 and C-60. The Special Joint Committee on Employer-Employee Relations will meet at 9.30 a.m., and the Joint Committee on Regulations and other Statutory Instruments has scheduled a meeting for 3.30 p.m. There may also be a meeting of the Special Joint Committee on the National Capital Region at 11 a.m., but this is not yet definite.

In the Senate, we shall continue with the items on the Order Paper, and it is expected that Bill C-41, the Western Grain Stabilization Act, will come to us by Wednesday of next week.

Senator Flynn: Honourable senators, I merely wish to put on the record that in my opinion the workload coming to us next week is concerned mostly with committee meetings. It is not quite obvious to me why we should meet on Monday night, as I believe it would be sufficient to meet on Tuesday. I say this, although personally I cannot be here next Monday night. However, in my opinion the Senate has not such a workload as to cause it to meet before Tuesday evening. I will be present on Tuesday morning due to the committee work. I do not insist on this point at all, but it seems to me, from the way the deputy leader explained the program, that a Monday night sitting of the Senate is not necessary.

Senator Asselin: Is there any reply? No, no reply.

Motion agreed to:

[Later:]

Senator Langlois: Honourable senators, I should like to make a slight correction with respect to the statement I made earlier on our workload for next week. I have just been informed that it would be difficult for the reporting staff to cover two committees and the house sitting at the same time on Tuesday afternoon. Therefore, I have asked the Chairman of the Standing Committee on Legal and Constitutional Affairs to hold his meeting when the Senate rises on Tuesday, instead of at 2.30 p.m.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Tuesday, November 25, and Wednesday, November 26, 1975, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

[Senator Langlois.]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting on Tuesday next, November 25, 1975, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: The house has heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

FOREIGN AFFAIRS

AID TO CHILE—QUESTION

Senator Forsey: Honourable senators, I should like to ask the Leader of the Government another of those questions of mine which I am afraid he will have to take as notice.

Is Canada now providing any aid, direct or indirect, to Chile, by grants, loans, re-scheduling of debts, technical assistance or otherwise?

If so, what are the terms of such aid or assistance?

Senator Perrault: Honourable senators, I regret I do not have that information at my desk. I must take the question as notice and I shall endeavour to obtain the information as quickly as possible.

Senator Flynn: On a point of order, Senator Forsey's question prompts me to point out that something should be done about our rules to distinguish between oral and written questions. Oral questions should be used only in matters of urgency that can be replied to, under normal circumstances, immediately. Written questions are what we should provide for in our rules for instances which require statistical information.

I discussed this matter previously with the Chairman of the Rules Committee and the Clerk. In my view, something should be done about this, because there is quite a difference between a question that can be put during the question period and one that can be put on the Order Paper in written form.

Senator Forsey: Honourable senators, may I seek guidance on this? How can anyone put a question on the Order Paper in written form unless it's in the form of an inquiry? Is that what the Leader of the Opposition is suggesting?

Senator Flynn: I am suggesting that the rules be amended to meet the point made by Senator Forsey.

Senator Forsey: The new rules call it the "Oral Question Period," I think.

Senator Flynn: The rule speaks of urgent questions.

Senator Perrault: Honourable senators, I have served in two or three different elected forums. It is often a matter of determining at the moment whether or not a question may be appropriate as an oral or written question.

In defence of Senator Forsey, I would certainly say that a question asking whether we are extending any aid to Chile is one that might be known by the government leader in this or any other chamber, but a more detailed question asking for statistical information is certainly of the kind that the Honourable Leader of the Opposition has discussed. I regret that I do not immediately have the reply to the general question whether aid is being extended to Chile, and certainly the statistical information will be more difficult to come by.

Senator Flynn: The Leader of the Government may be right, but Senator Forsey trapped me into this question by saying it was one of his usual questions that could not be answered immediately.

Senator Forsey: I said I was afraid it might be. I do not like to suggest that the Leader of the Government does not possess the encyclopaedic knowledge that would be required to answer some of these questions.

I may point out in justification, honourable senators, that I didn't ask for anything statistical. I merely asked if there was aid being provided. If I had said, "How much money is being given by way of aid?" and so on, that might have been a different matter.

Senator Flynn: I will discuss my point with Senator Forsey in due course.

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS—STATEMENT

Senator Perrault: Honourable senators, if there are no further questions, I have another report on the Post Office situation.

Letter carrier delivery of federal and, in some cases, provincial pension and assistance cheques began this morning with no apparent problems.

Offices opening in Kincardine and Port Elgin in southwestern Ontario and Barrie and New Liskeard in northern Ontario now mean that 160 staff offices, of a total of 446 staff offices, or nearly 36 per cent, are in operation. Manpower has now topped 2,200, or 10 per cent, compared with the 2,000 strikers back on the job as reported here yesterday afternoon.

Heavy picketing at the Alta Vista terminal in Ottawa—an estimated 200 are on the picket line—apparently has had some effect on manpower there, with only 164 on the job compared with 186 on Wednesday. Police have removed seven of the picketers, some of whom are believed to be from Toronto.

British Columbia-Yukon District reports this morning there are rumours of problems developing this morning at the Trail office as CUPW has asked all union personnel to prevent letter carriers from entering the post office to pick up the federal cheques.

The Vancouver local is reported to have met this morning to decide whether to allow letter carriers to cross picket lines. A later report from the Metro Toronto area, received a short time ago, shows that an additional six offices are open in Metro Toronto, Ajax, Richmond Hill, Agincourt, Westhill, Pickering and Thornhill, increasing

the number open from the 160 I reported earlier to 166, and the percentage to 37.2 per cent.

Senator Choquette: We are getting there slowly.

● (1420)

UNITED NATIONS

ASSEMBLY RESOLUTION ON ZIONISM—QUESTION

Senator Greene: Honourable senators, I wonder if the Leader of the Government can now instruct the Senate as to what action, if any, the government proposes to take as a result of the shameful resolution of the United Nations equating Zionism with racism.

Senator Perrault: I reported to the chamber on Tuesday last the position of the government on this question vis-à-vis the United Nations and Canada's assistance to developing nations. I refer honourable senators to *Hansard* of Tuesday, November 18, for the details of that statement. Beyond that, I have nothing further to add at this time.

INCOME TAX ACT

BILL TO AMEND, (NO. 2)—SECOND READING

The Senate resumed from Tuesday, November 18, the debate on the motion of Senator Hayden for second reading of Bill C-65, to amend the statute law relating to income tax, (No. 2).

Hon. George I. Smith: Honourable senators, in resuming this debate on the occasion of this my first speech in this chamber, I humbly ask your indulgence while I make a few remarks of a personal nature before coming to the subject matter of Bill C-65.

It is, of course, a great honour to be given the privilege of sitting in this chamber in which so many great men and women have served in years gone by, and where such a group of highly distinguished and extremely able Canadians now meet to grapple with the affairs of this tremendous country and its people. It is an honour which I neither sought nor expected, but one which I appreciate deeply. Indeed, I hope I shall not prove unworthy of it.

I believe I am here as the first appointment made under a certain new policy. Although my opinion is not likely to be a disinterested one in relation to that policy, I think it is a wise one, and I wish to express to the Prime Minister my appreciation of it and, of course, my appreciation of its application to me.

Hon. Senators: Hear, hear!

Senator Smith (Colchester): I wish to express as heartily as I can my thanks to all honourable senators for the warm and generous way in which I was made welcome, and for the many kindnesses which I have been shown.

In particular, I wish to express my gratitude to you, Madam Speaker, for your delightful welcome and your generous hospitality.

Honourable senators, it is, I understand, traditional in most legislatures in our system of government that a new member is not expected to be unduly aggressive or critical when making his or her first speech, and I suppose that tradition is no stranger here. I hope my words and conduct

today will not be in breach of it, but I do have to say that I cannot guarantee to be all sweetness and light.

Of course, I am happy to see a considerable number of old friends and acquaintances. I notice that this is a place in which it seems to be considered appropriate to gather politicians who have been first ministers in their own provinces. I must say that this is a practice which now commends itself to me much more warmly than it formerly did. I draw the attention of the power that is to the fact that there is still available material of high quality as yet unsummoned.

In this chamber I join two honourable gentlemen who preceded me as Leader of the Government of Nova Scotia—Senator Hicks, and Senator Harold Connolly whose health unfortunately keeps him away for the time being. The presence of the three of us here, and of a fourth in the other place, occasionally brings to mind the fleeting thought that the path to the Premier's office in Nova Scotia has a tendency to wind its way to Parliament Hill, though I must say it is indeed something of a novelty for me to find myself on the same side of the Speaker as Senator Hicks.

May I now turn, honourable senators—and briefly I hope—to Bill C-65. I say at once that I intend to vote for the motion that it be read a second time, though there are some things about it which I believe could be improved, and one thing that I think could be improved very substantially indeed. I do not propose to discuss every clause of the bill, and those that I do not mention I am quite happy to accept as they are.

My first comment, which will be of no novelty to honourable senators, of course, is that this bill is in very considerable part a most technical and complicated bill, written in the technical and difficult-to-understand manner which has become typical of all tax legislation. Indeed, it has to be written that way to fit into the act it is intended to amend, but that does not make it any easier to follow. To know what it means one must not only understand its words, but be able to fit them properly into the right places in the present act, and then see what the whole amended sections mean and try to ascertain the intention of the amendment, the object it is designed to achieve.

Though I say so hesitantly, knowing again that it is not the subject of any novelty to honourable senators, and with due respect for my recent arrival here, it does seem to me that quite possibly this situation might be substantially improved. I know that what was printed in the version of the bill when it was first introduced into the other place, and even what was in the bill when it came before us, would indeed be of considerable help in trying to understand it. However, that explanation itself does not do anything but fit the proposed amendment into the existing section. It does not explain what is being achieved by the amendment, what is the object of the amendment.

It seems to me, with all due humility, and with all respect to existing customs, that it would be a relatively easy task for the draftsmen to draw up a brief explanation as well as something which indicates what the new section will read like, and it would not be a great task to include that explanation in at least the first version of the bill as it comes to this chamber.

[Senator Smith (Colchester).]

As Senator Hayden said on Tuesday night when he moved second reading of the bill, some of the most important parts of it are left to be implemented by regulation. He referred to the fact that we do not have these regulations before us in draft form, and remarked that this is a regrettable situation. I wish not only to agree with him but to say even more vigorously, if I can, that when the regulations deal with such fundamental matters, as is the case here, it is completely unsatisfactory to be asked to consider the bill without the draft regulations before us.

• (1430)

It also seems to me, honourable senators, that this sort of thing displays a feeling that Parliament can readily be taken for granted, and that is not a course of action that should go without criticism.

Clause 2 of the bill deals with the deduction of \$1,000 per taxpayer in respect of interest and dividends. I believe it is a good provision and mention it only to seek clarification. When I read this clause, I thought it meant that each spouse was entitled to claim \$1,000, and that if one spouse did not have enough income to claim the full \$1,000, then the unclaimed balance could be added to the \$1,000 of the other spouse.

I further thought that this extended even to the situation where one spouse had no income and filed no income tax return, so that the other spouse could claim the full \$2,000 if he or she had sufficient income to do so. I thought, and still think, that is what Senator Hayden said. I still think that is what he means. After reading the exchange between some senators, which is to be found at page 1422 of *Hansard* for November 18, 1975, it seems prudent to me to seek assurance on that point and I mention it for that purpose.

Clause 9 deals with a variety of matters, which seem rather strangely lumped together. Among them is a provision for a tax credit, which is called an investment tax credit. This is a credit of 5 per cent of the capital cost on a rather long list of what are called qualified properties. Undoubtedly, this will be a useful provision because it will encourage investment in productive facilities. The list of eligible kinds of properties is fairly wide.

As I understand it, however, any portion of property used by the taxpayer for storing his product on the premises at the completion of processing or manufacturing, or whatever he has to do with it, is not eligible. The same is to be true in respect of property used for necessary administration.

It is certainly not obvious to me why there should be such an exclusion. Surely, satisfactory facilities for storing the product until it can be shipped, and for the administration of the enterprise, are just as necessary to production as the building that houses the machinery. Perhaps it would not be thought presumptuous of me if I were to suggest that the committee to which this bill is referred take a look at that situation.

Clause 10 of the bill deals with registered retirement savings plans. The existing provisions of the Income Tax Act are certainly very helpful in this respect, and a real encouragement to saving. As I understand it, the changes proposed in the bill are intended to remedy a situation in which, by some manipulation, a taxpayer may gain some tax advantages which the tax authorities think he should

not have. I am not by any means convinced they are justified in thinking that, from what I have heard, but perhaps they are. The amendment will also have the effect of reducing the number of taxpayers who can properly take advantage of such a plan, and the amount which taxpayers can pay into it. I hope the committee to which the bill is referred will satisfy itself that the alleged abuse exists, and that in searching for a remedy the authorities have not put forth a proposal which will adversely affect deserving people. I must say it looks pretty heavy-handed to me.

I should like next to consider the question of the "resource allowance" to taxpayers engaged in the petroleum and mineral industries, which is dealt with in clause 1 of the bill. This is the matter in respect of which Senator Hayden made reference to the fact that we had no draft regulations before us. He told us, however, that he believes, on what seems to be pretty good evidence, that this allowance will, in fact, be set out in the regulations yet to be made—yet to be made, I repeat—although this matter was referred to in the budget speech of June 23. He said the allowance will be set out in regulations yet to be made, and will be "25 per cent of the profits of a petroleum or mineral industry, determined after all the operating costs and the capital cost allowances have been deducted," but before any deductions for costs of development and exploration, interest and depletion.

Senator Hayden pointed out that if the regulations do so provide, as he believes they will, the result will be that taxpayers will benefit substantially because tax will be levied on a lower amount of the profits. Of course, that is correct. He also draws attention to the lowering, from 50 per cent to 46 per cent, of the rate of income tax levied on such corporations, and to the lowering of the Alberta royalty. Based on these projected changes, he gave us certain figures to illustrate the improved position of such corporate taxpayers. He demonstrated that the taxpayer actively engaged in exploration and development, out of an increased price of \$1.50 per barrel of oil, would, under the proposal, retain 71 cents as opposed to 21 cents, which is an increase to the taxpayer of 50 cents on every dollar.

However, you will note, honourable senators, that of this the federal government would contribute 20 cents and the Alberta government 30 cents, to make up the total of 50 cents. I believe we should certainly welcome these changes—and I do. Senator Hayden believes that they will help to expand the tremendous capacity of Canada in this field. I hope he is right, but I could not help but note particularly his comment to the effect that industry is in a difficult position. Let me quote him, according to *Hansard*:

If there are two phases of industry in Canada that are in an almost impossible position at the present time, they are petroleum and oil, and the mineral resources industries.

I think he is right, but I must then ask, "Who put them there?" I suppose it is possible to argue that the federal government is not entirely responsible for it, but I do suggest it is impossible to argue that the federal government does not have to bear a heavy share of the responsibility for putting those companies in the position so accurately described by Senator Hayden.

Some Hon. Senators: Hear, hear!

Senator Smith (Colchester): It is therefore necessary, I think, to temper our rejoicing by keeping in mind that these changes at best represent an apparent change of heart on the part of those who have caused the trouble. Who is to say how deep this change runs, or how long it will last. Is this conversion from the path of sin a real one based on true repentance? Or is it a passing deviation into righteousness to be followed sooner or later by the back-sliding that has spoiled so many conversions? Who can tell?

I cannot help but think of a farmer I know who had developed a habit of looking much too often upon the wine when it was red. After some unhappy episodes, his wife persuaded him to promise to give up drinking. He did so—with great vigour! But, just in case, he had a bottle of rum in the barn.

● (1440)

On this point, let me refer to the fact that either the amount of the so-called resource allowance, or the formula for applying it, appears in the bill, so far as I can tell, and I think Senator Hayden feels the same way. Let me read from clause 1 of the bill:

(1) Subsection 20(1) of the Income Tax Act is amended by adding thereto, immediately after paragraph (v) thereof, the following paragraph:

"(v.1) such amount as is allowed to the taxpayer for the year by regulation in respect of oil or gas wells in Canada or mineral resources in Canada;"

I emphasize those words, "such amount as is allowed . . . by regulation".

The amendment contained in subclause 1(2) contains the following words:

—The Governor in Council may prescribe the formula by which the amount that may be allowed to the taxpayer by such regulation shall be determined.

It is therefore perfectly clear that the amount of the credit under the formula used to calculate how that credit shall be applied is to be left to regulation at some future time, presumably before the first day of January 1976. It is also clear that the government intends to reserve to itself the right to fix, by regulation, the amount of the allowance and the formula by which it may be applied. I repeat that for the sake of emphasis.

I cannot help but recall that one of the characteristics of a regulation that the government finds very appealing is that it can be changed at any time the government takes a notion to do so.

Senator Flynn: That is right.

Senator Smith (Colchester): In this case, honourable senators, what other reason can the government possibly have for not putting the basic provisions into the bill, except that it wants to be free to change the amount of the allowance, and the formula for applying it, whenever it wishes to do so?

Senator Flynn: Unless it does not know where it is going?

Senator Smith (Colchester): Well, sometimes one wonders about that, too.

The reason cannot be that the government, when the bill was introduced in the other place, did not know what it wanted to do, because the amount in the formula given to us by Senator Hayden is the same as the one set out in the budget speech by the Minister of Finance on June 23, as anyone can see by referring to *House of Commons Debates* of that date, where it appears at page 7033. It is also set out on page 36 of the budget highlights, as Senator Hayden said.

We are forced to conclude, as long as these provisions are not in the bill, that that is clear evidence that the government desires to keep itself in a position of being able to change them at will, without reference to Parliament. And I cannot help but ask, honourable senators, what sort of basis this is for even short-term planning, much less medium- or long-term planning. How can this be the basis of planning the expansion of Canada's tremendous capacities unless taxpayers can rely on its having a better foundation than a mere government notion?

It is true that a majority government can very likely persuade Parliament to pass legislation to change the law if it sets out to do so, but it can only achieve this object after its wish has been subjected to debate and the scrutiny of Parliament and its committees, and, at the same time, exposed to the sobering light of the publicity which that process involves. Such a fundamental basis for encouraging the development of our resources should surely rest upon the will of Parliament, and not merely on the will of the government of the day. Only then can it be truly said, I submit, that this is the basis for the kind of medium- and long-term planning that is necessary if the provision is to bring to our country the substantial beneficial effects of which it appears to be capable.

As I understand the legislative process of Parliament, it is not yet too late to make this improvement to the bill, and I respectfully, and with all humility, urge the committee to which it is referred to recommend such an improvement.

Honourable senators, I close by thanking you for the attention you have given me.

Senator Flynn: No reply? No reply is possible.

Senator Langlois: In due course.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois, for Senator Hayden, moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

DISTINGUISHED VISITORS IN GALLERY

AMBASSADOR OF POLAND AND MRS. CZESAK

The Hon. the Speaker: Honourable senators, I would like to welcome some distinguished visitors in the gallery, His Excellency Jozef Czesak, Ambassador of Poland, and Mrs. Czesak.

[Senator Smith (Colchester).]

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL, 1975—
SENATE CONCURRENCE IN COMMONS REFERRAL TO SPECIAL
JOINT COMMITTEE

Leave having been given to revert to Motions:

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the Senate concurs in the reference by the House of Commons of the Bill C-52, intituled: "An Act to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act, the Diplomatic Service (Special) Superannuation Act, the Members of Parliament Retiring Allowances Act, the Governor General's Retiring Annuity Act, the Judges Act, the Tax Review Board Act, and the Supplementary Retirement Benefits Act," to the Special Joint Committee on Employer-Employee Relations in the Public Service.

Senator Flynn: Honourable senators, before the motion is put, the Senate members of this committee should be warned again that there is a meeting of the committee at 3.30 this afternoon, so there is no time to lose.

Senator Langlois: Honourable senators, the reason why this motion of concurrence was moved so late is that although the motion referring the bill to committee was passed in the other place some time last week, it was only today that the message from the other place was received. I wish to take this opportunity to inform the Senate that I believe that the wrong procedure was followed in this case. Even though no message had been sent to the Senate in connection with this referral to the special joint committee, instructions were given to our committee clerks by the Clerk of the other house to call a meeting of the committee this afternoon. That is most irregular, and that is why I have insisted on moving such a motion today—just to indicate to the other place that we are not to be dictated to by anybody outside this house.

Senator Flynn: There is no criticism of the Leader of the Government, or the Deputy Leader, here. We have both been in agreement from the beginning on this matter, and we are in agreement still.

Senator Buckwold: Honourable senators, I should like to mention that I have the honour of being co-chairman of this committee. My point in rising at this moment is to say that this bill has some significance for members of this house. It amends the Members of Parliament Retiring Allowances Act, and I, as co-chairman, and I am sure other members of the committee, would be pleased to hear any representations, comments or instructions. I say that because I presume that this will be the committee study made by the Senate of the bill, and that when it does come before us here it will not again be referred to committee. Therefore, this is our opportunity to make sure that our interests are properly represented.

Motion agreed to.

● (1450)

THE CANADIAN ECONOMY

ATTACK ON INFLATION—DEBATE CONTINUED

The Senate resumed from Thursday, November 13, the debate on the inquiry of Senator Perrault calling the attention of the Senate to the White Paper entitled: "Attack on Inflation—a program of national action," together with a booklet giving the highlights of the government's anti-inflation program, both dated October 14, 1975, tabled in the Senate on Tuesday, October 21, 1975.

Hon. Martial Asselin: Honourable senators, first of all I want to congratulate our colleague, Senator Smith (Colchester), on the excellent presentation which he made in the Senate this afternoon. We are very happy to have among the ranks of the Official Opposition a man of such vast experience. In welcoming him to the Senate, let me say that I am sure that he will always make a very useful contribution to our work.

[Translation]

Honourable senators, I had put down my name to speak this afternoon on the White Paper introduced by the government leader in the Senate on the anti-inflation guidelines. I listened carefully to the comments made by the government leader and feel that he did not introduce that paper in his usual way. He seemed to me less enthusiastic, more diffident. I thought he was introducing that paper without much conviction and only to discharge a responsibility entrusted to him, obviously with reason. When one knows that the same government during the 1974 campaign fought fiercely against the anti-inflation program of the Conservative Party, it is not surprising to note that throughout the country the government's credibility is seriously challenged. But in 1974 it was a different matter. We were in an election campaign. The Liberals wanted to win the election, whatever the economic and social consequences. The main thing for the Liberals, as always, is power at any cost. To gain that power, they will even promote unacceptable economic arguments. We remember the Prime Minister's statement on the 1974 budget, when he said:

This is not an easy budget. We do not want the easy solution of the NDP nor the salary controls of the Conservatives; we want a policy enabling our economy to remain the best in the world.

Referring to *Hansard* for October 20, 1975, we see that the Prime Minister had also this to say on May 7, 1974 about the problems related to inflation:

It is true that our attack on inflation is not a simple one. It is a complex one. It is a complex solution to a complex problem. We certainly reject the simple, and perhaps simple-minded, approach that has been brought to bear by the Opposition on this question.

And he added:

These Tory controls would control the wages of the working man. Prices have already risen very high, and controls will not bring them down. If you freeze high prices, there are still high prices; but if you freeze wages, there are still low wages.

The same statements were made by the Liberals during the 1974 campaign. You will remember how the Prime Minister, during a long speech delivered in Toronto, went all out to mock the anti-inflation program of the Conservative Party. He was taking pleasure in repeating to workers: "The Conservatives do not want to freeze prices mostly, but what they do want is to freeze your salaries." Besides, we still remember the Liberal Party slogan for 1974: Canadian workers do not want the salary freeze, so vote Liberal.

Honourable senators, how is it a government which, in my opinion, knowingly misled the Canadian people during the 1974 campaign, is still governing the country today? Such about-face on such serious economic matters cannot and will never be accepted by Canadians. Besides, if one looks at and studies the White Paper outlining the guidelines against inflation as brought in by the government House leader, one is led to raise various questions. What are the general causes of inflation? Personally I think it results first of all from an overly high, unjustified and extravagant money supply. It is obvious that governments, both federal and provincial, put too much money in circulation. We are told that by stopping we would restrict the money supply and create unemployment. There is a wide gap between the application of restraint and an unduly extravagant policy with regard to the money supply.

But I also think that inflation these last few years has been the result of wasteful spending by governments, especially the federal government.

● (1500)

[English]

Honourable senators, under this government, spending has increased by 192.8 per cent in seven years, and this year alone, according to the June 23 budget, expenditures are forecast to rise on a year-to-year basis by 11.2 per cent. According to spending patterns during the first four months of the current fiscal year, the Honourable Mr. Turner's June forecast of a \$3.1 billion budgetary deficit appears to be low by 50 per cent or more.

In short, this government's appetite for spending has been boundless, an appetite fed both by ever-rising tax takes from Canadians and by continuing heavy demands upon the capital markets of the country.

The government said in its White Paper on inflation that it would keep federal spending this year in line with the trend in the gross national product. In other words, federal spending increases would not exceed, over the year, the GNP growth for 1975-76.

The growth in the GNP, by the end of the 1975-76 fiscal year, is not expected to exceed 11 per cent, but government spending, by comparison, is already 14 per cent higher than it was last year. The first of a possible three supplementary spending estimates showed a \$1.7 billion federal government spending increase over the main estimates, or a \$995 million increase over the June 23 budgetary forecast—and this when the government is asking all Canadians for restraint, and in some cases enforcing it, in support of a policy to contain inflation.

If the supplementary spending estimates to come are as high as the \$1.7 billion increase recorded on November 12,

it will reconfirm the possibility of a \$7 billion budgetary deficit for 1975-76. That is unprecedented.

Then there are examples of outright waste of taxpayers' funds:

The recent opening of Mirabel Airport, at which the government spent something in the order of \$20,000 on liquor alone.

Consultants' fees, such as the \$11 million the Department of National Defence paid to two United States companies for a study it does not intend to use.

The case of Microsystems, a company in which the government invested \$36.7 million, and for that money received no equity or any appointments to the board of directors. The company folded, and the government lost at least \$30 million of its original investment.

The government's decision to purchase \$3 billion worth of aircraft when, at present, \$47 million worth of CF-5s are mothballed.

Salary increases to civil servants in the \$50,000 to \$60,000 a year range, granted by Cabinet on the very same day it decided on a limit to all other salary increases.

The 105 or so contracts awarded by the Department of Transport since 1968 for consulting services and feasibility studies for Mirabel Airport, at a total recorded cost of \$41,022,658.34.

[Translation]

In view of such exorbitant and senseless spending, honourable senators, how can you expect the Canadian people to believe in the good faith of such a government which claims to want to fight inflation?

I, for one, do not believe in the effectiveness of the scheme devised by the government to control prices. Corporations in general, but certainly the multinationals will find loopholes in the control scheme. Retailers and wholesalers will not be compelled to follow the general rule, although it would be essential if we wanted a price control program to succeed. There is no ceiling on corporate profits, and when no such ceiling exists there can be no true price control because there are no regulations at all.

The wage control program is certainly more likely to succeed as it relates mostly to low-income earners. As a matter of fact, the official Opposition has claimed, both here and in the other place, that a great many people the government had not contacted when it tried to sell its guidelines to fight inflation objected to the government imposing a \$600 ceiling on the maximum wage hike for low-income earners.

If profit controls do not enable us to stay on the heels of multinational corporations, again it will be the small wage earners limited to \$600 who will pay for that fight against inflation. We hope that before Bill C-73 gets to the Senate, the government will have changed its mind and raised this limit from \$600 to \$1,000.

Indeed, the government should not discourage the small wage earner by limiting his salary, if we do not want him to be the only one to pay the price of the fight against inflation and if we want this program to work.

During this debate we mentioned the constitutional aspect of the legislation. We said that the government referred to the omnibus clause of the Constitution in

[Senator Asselin.]

establishing the guidelines to insure peace, order and good government throughout Canada—the omnibus clause which allows the federal government to get involved in any federal or provincial legislative field—and this is why we said that this measure was constitutional. However, if we refer to the White Paper or the bill, the terms “emergency” and “exceptional” are often mentioned in those measures. We even say that it is an extraordinary, extremely serious situation.

I think that rather than referring to the clause of the Constitution that I have just mentioned, the government in trying to legalize its legislation and its guidelines in this bill referred mainly to the National Emergency Act of 1945 when we talked about national emergency in wartime, and that included security, defence, peace, order and the well-being of Canada.

● (1510)

How do you expect the government to say in 1975 that it is an urgent matter, that the economic situation has come to a deadlock, that we must pass legislation to control wages and prices when a year earlier, in 1974, they said there was no point, no necessity in doing so? Now, a year later, they seem to be wanting to take their stand on the statute I have just mentioned, to say that the situation is extremely serious, that we have an emergency situation, and that drastic steps should be taken to restore the balance of our economy.

Honourable senators, I think if those provisions were considered seriously we would have doubts as to the constitutionality of the guidelines in the White Paper, and also of Bill C-73 which is now being dealt with by the House of Commons and which we shall be debating later on.

To enforce such legislation, the government obviously needs the cooperation of every economic sector of Canada. Most of all, they need the cooperation and contribution of the provinces. But the provinces should not be misled. Respecting the wage and price control policy, they should never accept to handing over to the federal government the exclusive jurisdictions which are their sole responsibility to try to enforce that wage and price control legislation. I am extremely worried that provincial governments may have accepted federal moneys to try to set up a rent control board, when they have full jurisdiction within their territory. The provinces should use their own money to establish such rent control boards or other provincial regulatory bodies. They should not accept any federal subsidy. The minute the federal government starts giving moneys, I feel it will in exchange get its hands on provincial jurisdictions, never to return them.

In my view, this legislation could hardly meet its goals, for the reasons I have already stated and a number of others I could give at length. I know other senators wish to participate in this debate. Others have already made a fine contribution. However, I wish I could share in Mr. Pepin's optimism when he appeared yesterday before a Commons committee. He had every hope concerning the bill's objectives and the aims to be achieved.

Unfortunately, I cannot share in his optimism because there are too many contingencies, too many unforeseeables, that may hinder the act's operation.

I want this to be clearly understood. This government fought the Conservative proposals to fight inflation in 1974. Even if the government did an about-face, recognizing its error, the Conservatives were right. I submit that we in the Progressive Conservative Party want this bill to bring the results and achieve the aims that were put forward. Of course, it is not our intention to prevent the passage of such legislation unless the government refuses certain amendments which are quite reasonable and which the Conservative Party will be moving in the House of Commons during the debate on third reading. The leader of the official Opposition suggested in very clear terms—yesterday, I think—that he was prepared to vote in favour of that legislation, provided the government would bring in amendments to cut the range of application of the act down from three years to 18 months, and to raise the maximum increase for small wage earners from \$600 to \$1,000, as well as other minor amendments that the Conservative Party would like to have accepted before agreeing to the legislation.

Of course we are going to cooperate so that the legislation will bring all the good results the government expects from it. But we also say that the main beneficial, psychological effect of the White Paper and Bill C-73 will be to make Canadians aware. That might be the purpose, the objective this legislation will attain. It might make all Canadians aware of the perils and dangers this country is

facing if we continue to live beyond our means. It is obvious that for several years Canadians have been living on the cuff and if you look at the average Canadian, he owns one or two cars, a snowmobile, and he spends left and right. So it is obvious that Canadians live beyond their means. Even if that legislation has only one effect—making Canadians aware of the fact that we have to face an extremely difficult economic situation caused by various factors—I hope it reaches its goal. Furthermore, as I explained earlier, if we are to overcome inflation, it is not enough to rely only on measures taken by the government or the private sector, but it is a challenge for each and every Canadian to make sure they do not overspend and to curb their search for goods which has run unchecked for several years.

● (1520)

[English]

On motion of Senator Petten, for Senator Lang, debate adjourned.

Senator Perrault: Je propose l'ajournement de la Chambre.

Senator Smith (Colchester): That can't be very good French because I can understand it.

Senator Fournier (de Lanaudière): I hope your English is as good as your French.

The Senate adjourned until Monday, November 24, at 8 p.m.

THE SENATE

Monday, November 24, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. McKinnon had been substituted for that of Mr. Dinsdale and that the name of Mr. Lambert (Edmonton West) had been substituted for that of Mr. Baker (Grenville-Carleton) on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

DOCUMENTS TABLED

Senator Petten tabled:

Report of the National Energy Board entitled: "Canadian Oil—Supply and Requirements," dated September 1975.

Report of the Advisory Committee on Food Safety Assessment, dated November 1975 and issued by the Department of National Health and Welfare.

Report of the Bilingual Districts Advisory Board appointed under the Official Languages Act, dated October 1, 1975.

ENVIRONMENTAL CONTAMINANTS BILL

THIRD READING

Senator Petten moved the third reading of Bill C-25, to protect human health and the environment from substances that contaminate the environment.

Motion agreed to and bill read third time and passed.

THE CANADIAN ECONOMY

ATTACK ON INFLATION—DEBATE CONTINUED

The Senate resumed from Thursday, November 20, the debate on the inquiry of Senator Perrault calling the attention of the Senate to the White Paper entitled: "Attack on Inflation—a program of national action," together with a booklet giving the highlights of the government's anti-inflation program, both dated October 14, 1975, tabled in the Senate on Tuesday, October 21, 1975.

Hon. Daniel A. Lang: Honourable senators, we are all too familiar now with the substance and the possible

effects of the White Paper tabled by the Minister of Finance in the House of Commons on October 14 last. I believe that very shortly we will be equally as familiar in this chamber with the bill that followed that White Paper two days later when introduced in the House of Commons.

This bill, as we know, establishes the machinery for administering the government proposals as set out in the White Paper and legislates the basic anti-inflation program relating to prices and incomes, which will be in effect in this country for probably the next three years.

As honourable senators are aware, although the guidelines imposed apply to everyone on a voluntary basis, certain groups within the country will be subject to legal enforcement of those guidelines. These are, for example, firms of more than 500 employees, contracting firms of more than 20 employees, the federal government and the participating provincial governments and all their employees and, last, but not least, those in the professions. Prices and profits must be restricted to whatever is required to recover net increases in costs. Incomes—meaning all forms of compensation, including directors' fees, fringe benefits, bonuses and stock dividends—are restricted to increases of 10 per cent, 8 per cent and 6 per cent respectively over the next three years. Professional fees will fall under both prices and incomes guidelines.

● (2010)

It goes without saying that this legislation will impose upon all Canadians a system of restraints and controls which has no precedent in this country except in time of war.

Honourable senators, apart altogether from the dawning recognition throughout the world of the destructive effects of inflation, of the impetus given to it by the action of the OPEC countries in raising oil prices, and the fact that succeeding countries have had only limited success in applying controls, it is pertinent for us to examine why this government has introduced this massive program at this point in time, only 16 months after a general election in which Canadians endorsed its stand against such a program.

Undoubtedly there have been major changes in this country in the last 12 months. On the one hand, there has been, over the years, a gradual build-up of factors, both domestic and foreign, productive of inflation. That realization has been brought home to Canadians very rapidly within the last 12 months, and suddenly they have attempted, both individually and collectively, to rectify the destructive effects of this inflation on themselves personally. Two factors have suddenly coincided to produce a condition of great potential danger.

I suggest that inflation is not a disease in itself but rather a symptom of a disease, and any attack upon it, to be successful, must cure the underlying malaise. It is both self-induced and caught by contagion. In its primary stage,

there is an element present of greed, sometimes more politely referred to as "rising expectations." In its secondary stage, it has in it an element of jealousy, sometimes called "catching up"; and in its final stage it is basically and predominantly an expression of fear.

We in Canada appear to have already passed through the first and second stages, and if we are to avoid the third, final and fatal stage, it is well that we should welcome the doctor and take the bitter medicine which is now proffered.

The governments of Canada—I use the plural—have for years followed economic policies which have allowed and encouraged the build-up of an inflationary environment. The long-term build-up and its effects can be realized and perceived by recalling some of the past circumstances, if only briefly.

The significance of Canada's absence from the Economic Summit Conference recently held in France should not be overlooked. I suggest it marks a new low point in how Canada is regarded by other nations, and a new low for Canada in the economic world order. From the end of World War II up until recent years, Canada would almost automatically have been included in such a conference.

It is not difficult for senators to remember that in the 1950s our per capita income was the second highest in the world, exceeded only by that of the United States. Today, our per capita income is fifth ranking in the world, behind that of the United States, West Germany, Sweden, and Denmark.

It is not difficult to remember that during that same period Canada enjoyed an international prestige and a small but real military presence, both of which ranked in the world second only to that of the great powers. Now, however, in the eyes of Dr. Luns, the NATO Secretary General, we rank scarcely ahead of Luxembourg, at least so far as our military significance is concerned.

While Canada is still one of the few countries on earth combining natural resources of an immeasurable quantity and a high degree of modern industrialization, our development has now almost come to a stop, and strikes of national significance are paralyzing our economy. Last year, only Italy exceeded Canada in time lost as a result of strike actions. It would not be surprising to any of us if we succeeded Italy this year to that dubious distinction.

Canadian governments at all levels have increased their spending by 300 per cent in the last decade; that is, from \$14.9 billion in 1964 to \$60 billion last year. In terms of the gross national product, that represents an increase from 31 per cent to 39.3 per cent. In other words, Canadian governments today at all levels control close to \$40 of every \$100 spent on goods and services in the country.

Statistics for 1973, being the latest available, show that such percentage government spending is only exceeded by Sweden and Holland, and statistics for 1975 will, in all likelihood, show Canada to be among the highest government spenders in the Western World.

I am not saying that this has been all bad or non-productive. We have in Canada an enviable system of social legislation, and governments at all levels have, undoubtedly, responded to the needs and wishes of the people in putting forward social programs, including, among others,

the Canada Pension Plan, the Guaranteed Income Supplement, Old Age Pension, Unemployment Insurance, mother's allowance, as well as the costs of educational and medicare programs. What I do question, however, is how the Canadian public can assess the price it is paying for these programs and, in particular, how readily can the public of Canada know how much money for these programs is being produced by the mere printing of it. The mere printing of it represents no increase in productivity, but is indeed a basic cause of our present inflationary condition.

● (2020)

I know honourable senators are fully aware that along with the introduction of these programs there must inevitably develop a tremendous bureaucratic system, not only centrally but at the provincial level and in the municipalities. In fact, in Canada today there is one public employee for every six workers in the private sector. I think it should be borne in mind that while governments take resources from the public and use them for ameliorating the real needs of the public, they inevitably also take resources for the aggrandisement of government institutions which operate by and large for the benefit of those managing the institutions.

Only last week the recommendations of the Ontario Special Program Review Committee were tabled in the Ontario Legislature. They showed a spending program in Ontario running at an estimated cost of \$11.4 billion, with the province heading for a deficit of \$1.9 billion next year, the largest deficit in the history of Ontario. Among Canadian governments, Ontario's spending is second only to the federal government's spending of \$35 billion for this year. Ontario is confronting a 1976 expenditure on education alone of \$2.7 billion, half a billion more than Canada's defence costs last year. Ontario's expenditures on health delivery have gone up by 450 per cent in the last ten years.

At the federal level, last June's budget forecast a deficit of \$4.3 billion for our next fiscal year. Indeed, it looks like \$6 billion, and many economists are predicting that we will reach \$7 billion. Canada's federal spending in the first half of the 1975-76 fiscal year is up a whopping 30 per cent over last year. Our net public debt has risen from \$18 billion in 1975 to \$25 billion in 1976.

I suggest that at the heart of this problem of inflation, which is occupying all our time, attention and concern today, is the problem of government spending. I think it is also worth noting that as such government spending spurs rising expectations of the average Canadian and increases the catch-up syndrome of the public in general, and in itself accelerates the inflationary cycle in the private sector.

It is interesting to note that within the last month the British Labour Government has accepted this fact. In his budget address, the Chancellor of the Exchequer said:

The government intends to give greater weight to the need for increasing the national rate of growth through regenerating our industrial sector and improving our efficiency. For the immediate future this will mean giving priority to industrial development over consumption and even over our social objectives.

Cuts in the United Kingdom's budget will adversely affect essential services such as hospitals, police, schools and housing, all in the face of 1.5 million unemployed and some 60,000 people homeless or inadequately housed. The Chancellor went on to say that continuation of present conditions in the United Kingdom, which is suffering a current inflation rate of 25 per cent per year, would plunge Britain's living standard to the level of that of a Mediterranean country in a few years. I suggest that today Canadians must curtail their demands of governments, and governments must radically curtail their demands on Canadian resources, human and otherwise, if we are not likewise to find our living standards reduced to the level of those of perhaps a South American country.

It is understandable when the Prime Minister of our country says there are no villains and no devils upon whom one can fix blame for our present inflation. He is enunciating the correct approach to involve every Canadian in a positive fight against inflation. Notwithstanding that, it would be the height of folly for us not to recognize that government expenditure itself is a major factor, and without a strong policy of government retrenchment the present program cannot be made credible to the rest of Canada.

On October 13 the Prime Minister stated:

There will be practically no growth in the Public Service. Strict economies will be imposed on the administrative and housekeeping aspects of the government's business. However, this does not mean that government spending will be absolutely frozen.

Again, in a recent interview, he stated that the government would not indulge in any acts of "symbolic martyrdom."

Honourable senators, for frankness and a disavowal of hypocrisy, neither of these statements can be faulted. Notwithstanding, I am satisfied that unless governments at all levels in Canada today set examples for the people by the severest retrenchment in their spending programs, we are not going to be able to make this program work. The government must by example—indeed, by the use of symbols—show to the people of Canada, in a way that every man, woman and child can understand, that they mean business. Unless they do so, I feel this program may be in serious jeopardy. And if it should fail, the results, I suggest, would be too disastrous to contemplate.

● (2030)

I might say that, in my opinion, by admitting in the White Paper that "there is little scope for the government to reduce expenditures," and by pleading the inflexibility of federal expenditures under the statutory programs, the government shows a lack of understanding of the motivating role it must play in this important area.

Honourable senators, let us not delude ourselves that by passing legislation here or at the provincial level we can thereby banish the evil of inflation; let us not delude ourselves as to the jeopardy into which this program will place some of our most accepted freedoms; let us not delude ourselves as to the fact that this program must, of necessity, spawn an oppressive bureaucracy. On the other hand, let us recognize the grave economic and political dangers into which we are moving if we are not prepared to accept the obvious sacrifices and attendant risks.

[Senator Lang.]

The government by its program and the ensuing legislation is asking the public to grasp the nettle. Every government in Canada must also do the same. Every government in Canada must not only practise what it is preaching but must walk a mile further than it requires of others.

The lead taken by the federal government and the responses of the provinces deserve the commendation and support of every Canadian. We can minimize the duration of this program, the life of the bureaucracy and the restrictions entailed by adhering not only to the letter of the law but to the spirit of the program, and by doing everything within our power to inculcate that same attitude in Canadians in every walk of life.

Self-discipline and self-reliance have always been characteristics of the Canadian people. If in an atmosphere of greed, fear, self-interest and strident confrontation we destroy that heritage, it will be to our eternal regret. The clearest evidence that we are now doing just that is our current rate of inflation. Now is the time for governments to set tough, self-imposed standards, and for business, labour and every individual Canadian to follow the example in concert.

Senator Forsey: Honourable senators, I wonder if the honourable senator will allow me a question.

Senator Lang: Certainly.

Senator Forsey: Would Senator Lang be in favour of our setting an example in the way that I suggested when I spoke on this subject—by foregoing the increases which may come to us under the present legislation in the month of January?

Senator Lang: Are you referring to the increases to ourselves?

Senator Forsey: Yes.

Senator Lang: Yes, I certainly would be.

Senator Forsey: We appear to be somewhat of a minority.

Senator Lang: I think it would be a rather significant symbol.

Hon. J. Harper Prowse: Honourable senators, it is not my intention to intervene for any great length of time in this debate, but I do have a responsibility to speak on a subject that is as important to every Canadian as this one is.

There is no doubt in my mind that we face two alternatives. Either we rise to the occasion and exercise, individually and collectively, the restraints necessary to put a stop to the continuing cycle of inflation, which is the whole purpose of this White Paper, or we allow inflation to run away completely, destroying everything of value in this country, so that an absolute government would have to step in and take complete control of every aspect of Canadian life. If anyone thinks for a moment there are any other alternatives he is kidding himself. What concerns me is that, in spite of the fact that everyone complains about prices, Canadians as a whole accept the alternatives I have enumerated as being the only ones available.

The labour unions are going to spend \$500,000 to make the government's proposals fail. So help me, I cannot, by any stretch of my imagination, understand what they

expect to achieve unless it is to destroy our society with the idea of building a Utopia out of its ruins. Surely it ought to be completely obvious, as we approach the end of the twentieth century, that there is no need and no room for confrontation between labour and management. The interests of labour and the interests of management, the interests of the public and the interests of government, must be identical. If labour imposes restrictions on business profits, it makes it impossible for management to replace its machinery and maintain its plants. If productivity is to continue and to improve, business must be allowed a reasonable profit. At the same time, of course, business must provide workers with a fair and decent income. In the final analysis, management and labour working together will produce the goods which society needs, and in the quantity and at a price which society can afford to pay.

● (2040)

These statements are so basically simple that one wonders why it is necessary to utter them. Nevertheless, when I see the stuff I read in the newspapers, and when I listen to what I can only call garbage expressed by some commentators, and when I hear some of the speeches that are being spewed out, I wonder where we have left our brains. Obviously no one is using them.

Surely this chamber should send forth the message—and this should have come from the other chamber and been urged all across the country—that it is nonsense to think someone can sneak a bigger share and stick it in his pocket without anyone seeing it. There is just no way that anyone can get away with that today. Management, labour, consumers, producers of raw materials—all have equal interests. We should be taking a serious look at legislation which would end the confrontation system, a system which costs us so much in lost time, trying to devise ways in which all elements having a common interest can work together. This idea is not my own, and it is not new. I read about it first 30 years ago when it was put forth by a man named Ruml. It was he who devised the pay-as-you-earn income tax idea for President Roosevelt, the same idea which now makes it possible for governments to impose the levels of taxation they are able to get away with. He also predicted that the day had to come when boards of directors could not be limited to shareholders or capital representatives, or just management, who were in fact the people who had hijacked the company from the original owners. He said that shareholders, management, suppliers, and consumers would have to be represented on every board of directors of every company in the country.

Honourable senators, this kind of cooperation and this kind of working together, if we have gumption enough to use it, will give us a chance to get out of the mess we have got ourselves into as a result of everybody's saying "Me first." We must take this opportunity; there will not be another one.

On motion of Senator Grosart, debate adjourned.

CRIME AND VIOLENCE

PROPOSED SPECIAL SENATE COMMITTEE—DEBATE
CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Eudes:

That the Senate considers it desirable that a special committee of the Senate be established at an early date to inquire into and report upon crime and violence in contemporary Canadian society.—(*Honourable Senator Petten*).

Senator Petten: I yield to the Honourable Senator Rowe.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Frederick William Rowe: Honourable senators, first of all I congratulate our esteemed colleague, Senator McGrand, for initiating this inquiry. I have re-read in recent days the statement he made here some months ago, and I must again congratulate him on his very modest, yet penetrating, approach, and on his very reasonable suggestion that a committee be established to inquire into and report on crime and violence in contemporary Canadian society.

I have also re-read the statements made in this debate by a number of other senators, and I congratulate them. I was particularly interested in the contribution made by my seat-mate, Senator Norrie, because she gave an account of the situation in what I consider to be one of the most civilized countries in the world, namely, The Netherlands—or Holland, as we usually call it. I say this because Holland is a country I have some little familiarity with, and I was very much interested in hearing her impressions of the approach that the authorities in that country have made to the problems of our society, and in particular to crime and those things related to crime—because crime does not exist in a vacuum, to use a truism. I was interested in hearing some of the inferences she drew from the Dutch experience. I shall not go further into that now because she has already gone into it in some detail.

I support Senator McGrand's motion, honourable senators, but inherent in it, if it should be adopted by this chamber, is the very important element of time. We cannot make a three-week investigation into crime. If we are going to go into it at all, and I think we should, then we are talking in terms—and this may, perhaps, astonish some honourable senators—of anywhere from one to three years. A study of shorter duration would be, in my view, a waste of time.

In the interim, we have to face up to certain facts of life. I do not think we can continue to delude ourselves. One of those facts is that there has been not just a disconcerting but a frightening—and one might almost use that term literally—increase in crime in Canada during the past decade. This situation is not peculiar to Canada. It is to be found in practically all, if not all, other countries. I understand there has been some evidence in this past year of what is termed a levelling off. This is not unexpected, because if crime were to continue increasing at the rate of 15 per cent or 20 per cent per year, without a levelling off, then civilization as we know it would simply collapse within a comparatively short time. But, as I have said, there has been this frightening increase in crime during the past decade or so, and that is another way of saying

that there has been—and this is something we often overlook, I think—a proportionate increase in the demands we have to make on our protective resources. To say that there has been a proportionate increase is another way of saying that we have had to make in these last few years, disproportionate demands on our protective agencies—the police, the courts and various other institutions of one kind and another.

● (2050)

At this stage I am going to add a third premise. I realize that there are some who would disagree with me, but, in my view, the resources of our society—I do not think we can think wholly and solely in terms of Canada; after all, Canada, like crime, does not exist in a vacuum either—the resources that we do have, the protective resources, are being diverted in many cases to what I consider to be frivolous and totally unnecessary activities of one kind and another.

I interject here that I saw an example in a ridiculous form two or three weeks ago. As many senators do, sometimes I leave my car at the airport, but many times I do not and I arrange for a member of my family to pick me up when I go back home. Two or three weeks ago I went back, and one of my sons came to meet me. The plane, which goes from Halifax to St. John's, as usual was late. It has been on time once in the past two years, to my knowledge. My son had to put a coin in the parking meter and again a second time, and his change was exhausted. He said, "I dare say we have a ticket." We did have a ticket. Okay; that is fair game. As we were pulling out I asked, "Who is that over there?" My son replied, "That is a Mountie. He is putting tickets on the cars, and he put a ticket on this one." I do not think I should say another word.

I mentioned this to a friend of mine, who happens to be one of the senior men in the RCMP, and asked him how he rationalized it. He told me it is done at the request of the Department of Transport. I said, "Do you mean to say that this man, in whom we have invested tens of thousands of dollars . . ." and he interjected to say, "He has not had the full training; he has not spent as many years as some of the others in training." He was a partly trained constable but, of course, the principle is the same. This man, in whom we have invested tens of thousands of dollars, was spending his time putting tickets on cars, when any 16-year old high school youngster could probably do the job more expeditiously than he was doing it. I cite that as one bizarre example of the frivolous way in which we are dissipating the resources that we have.

I could enlarge on that, because this is perhaps as good a time as any for me to say that in my view most of the so-called vice squads we have throughout Canada are relics of nineteenth century puritanism, a waste of time. A friend of mine, who is on one of these vice squads, said to me, "Do you not know that the massage parlours are connected with the underground; do you not know that prostitution is controlled by the gangsters?" My answer to that—and I realize the risk I run in saying this—is that the massage parlours and prostitution in Sweden, Germany, Holland and other countries I could name, among the most civilized countries of the world, are not part of organized crime, for the same reason that the sale of alcohol today is not part of organized crime as it was in the 1920s. God

[Senator Rowe.]

knows I am not in favour of massage parlours or prostitution. I am an advocate of more effective measures to counteract organized crime in Canada and in other places, but I do not believe that vice squads are the answer. I am told that in one relatively small Canadian city, which I will not name, nine policemen constitute a vice squad, and they are out day and night trying to—well, you know what they are trying to do, and I do not think we can afford that.

Assuming that this motion is adopted, in the period that must elapse of necessity between now and the time a report is brought in, there are steps we can take, and I am going to suggest a few of them. I regard the police forces of Canada—the RCMP, the provincial police forces and, certainly, those municipal police forces with which I am familiar, including the police force of my home city—as being among the superior police agencies in the world. I hope no one will take what I have to say now as indicating a criticism of those forces *per se*. In my opinion, we need more and better trained police officers and security officers, and those police officers and security officers require—I know there are those who will turn up their noses at this idea, especially those who think the answer to a 19-year old criminal is the cat-o'-nine tails, or a bludgeon of some kind or another—those police officers and security officers need and must be given more training in psychology generally, and particularly in pathological conduct and behaviour.

We must exert even greater selectivity in our police forces in order to weed out the sadists who, inevitably, as things are now, get themselves into the police and security forces. There is a percentage of them, I suppose, in any police force. It is a small percentage, thank heaven; nevertheless, there is a percentage of sadists who get into these agencies, bodies and institutions. One sadist in a penitentiary can do more to create anti-social behaviour, to create criminals, than 99 sensible and moderate men can do to prevent criminal behaviour.

I believe also that in any country a police force needs to be watched. I repeat that I regard the RCMP as one of the great police forces of the world. In my opinion, we have been extremely fortunate in the quality of the personnel of that organization, but I believe we must keep in mind the lesson that only now some of our friends in other countries are learning, that there is always a potential danger inherent in any police force. In the United States, for example, there are three great agencies—the FBI, the CIA, and the National Security Council or the NSC, which only now millions of Americans are hearing about although it was established nearly 30 years ago, and which admits to spending \$11 billion last year. I mention that fact to indicate the tremendous power which such an agency has in money alone.

● (2100)

So far as I know, Canada does not have a CIA and, so far as I can ascertain, we do not have an NSC. It could be argued that the counterpart of the FBI is the RCMP. My point is that if we have an intelligence agency—and I am sure we have—the work of such an agency is being carried out by the RCMP. We have to remember that the RCMP carries out the responsibilities undertaken by those three great U. S. agencies I have mentioned. That is worth thinking about.

To return to those measures which we can take in the interim, we could and should reduce our prison population. Canada has, I am told, one of the highest prison populations per capita in the world. That is unnecessary. We could reduce our prison population by eliminating a number of those crimes for which we impose jail sentences.

Senator Norrie, in referring to the experiment carried out in Holland, mentioned the crime of non-violent robbery. There is a big distinction between a 45-year old woman who steals articles from a supermarket and places them in her handbag, and the psychopath who, when I was in New York last year, attacked a 70-year old woman who was sitting on a park bench at 2 o'clock in the afternoon within three blocks of my hotel. The woman, who had \$7 in her handbag, resisted, and the psychopath drove a knife between her shoulder blades and killed her. Obviously, there is a world of difference between those two acts of robbery. I repeat, we could decrease our prison population by eliminating jail sentences for many offences. I do not propose to go into further detail. Other countries are experimenting along those lines, and so far the results have been most encouraging.

Our society is the prime agent for creating criminals. I myself have seen young people sent to jail for periods of one, two or three years for selling a couple of marihuana joints to their college companions. We are not doing as much of that now, but we are still doing it. Those young people were not criminals before they went to jail, but they were by the time they came out, and thereafter their lives were spent in criminal activities. We have seen that happen over and over again. Many of these young people should not be sent to jail.

Another way of reducing our jail population is by completely re-examining the Criminal Code. I realize that I am on dangerous ground in that what I have to say could be misrepresented. The Criminal Code should be revised with regard to all penalties imposed for sexual deviation. I am not referring to assaults on children or women. I am referring to sexual deviation which, in some cases, involve only one person or consenting adults. We have made some progress in this area in recent years, particularly in the field of homosexuality, but I invite honourable senators to take another look at our Criminal Code and this whole matter of sexual deviation.

We could reduce our prison population by revising our thinking on marihuana. I refer honourable senators to two recent publications. The first is *Newsweek* of October 27, which, on page 28, contains an article on drugs. That article says:

For the past six years the Federal war against drugs has been waged on two main fronts: against imports of heroin and of marihuana. Now a White House White Paper, released last week with President Ford's support—

Let us think what that means. President Ford is one of the most conservative-minded men in the United States today:

—recommends that the government concentrate its fire on "those drugs which pose the greatest risk."

I said that three years ago, and honourable senators thought at the time that I was crazy. I do not draw this to

the attention of the house in any "I told you" attitude, but merely to indicate what was the thinking of most Canadians on this subject just three years ago. The article continues:

It stops short of suggesting the decriminalization of marijuana but... "between the lines, it tells the states to go ahead and do what they want about it."

Six states have already, for all practical purposes, decriminalized marihuana. Among them are Alaska, Oregon, Maine, and areas of the State of California. "Of course," honourable senators might say, "we know what happened. There was a tremendous upsurge in the use of marihuana, no doubt." I have to say that no such thing has happened, and I would not be surprised to find that there has been a decrease in the use of marihuana.

None of my conservative critics—I do not use the word "conservative" in any partisan sense—have been able to supply an answer to my next statement, which is that in the 1700s and early 1800s, when liberal-minded thinkers in England—I use the word "liberal" with a small "l"—advocated the removal of the death sentence for the crime of stealing sheep, poaching rabbits and birds, and pickpocketing, they were told "If you do, no one's sheep or rabbits will be safe and we shall have an increase in highway robbery." The latter was a serious affliction of those times, a very common offence. Eventually the death sentence for those crimes was eliminated and concurrently there was a decrease in sheep stealing, rabbit poaching, pickpocketing and highway robbery. What is the answer? I repeat, therefore, that the time has come when Canada should revise its entire approach to the drug problem.

● (2110)

As it happens, I have never used marihuana. I do, however, have nine grandchildren, and I am as much concerned about the future for my grandchildren as I could be about anything in this world. I have spent some years going into this whole area of drugs, and I am convinced that the time has come for Canada to follow the pattern already set by some other countries in revising its whole approach to marihuana.

I have here the November issue of the *Good Housekeeping*, which is a family magazine published in the United States, in which there is an article by Art Linkletter. I recommend this article even more strongly than I did the article in *Newsweek* a few moments ago. As it happens, Art Linkletter was born in Canada. I think most honourable senators are aware of the fact that he is one of the best known radio and, to some extent, television personalities in the United States, and a great deal of his radio and television work has been with children.

I would ask honourable senators to cast their minds back six years. Six years ago, Art Linkletter's 20-year old daughter, a very intelligent and promising young woman with everything going for her, committed suicide while under the influence of drugs. As a result of his daughter's death, Art Linkletter, who is a very wealthy man, decided that he would take it on himself to examine the whole drug situation, which is what he has been involved in over the past six years.

The article in question appears on page 89 of the November issue of *Good Housekeeping*, and is entitled: What I've

learned About Drugs Since My Daughter's Death. Mr. Linkletter opens the article with the following:

My beloved 20-year-old daughter, Diane, committed suicide in 1969 in the frenzy of an LSD flashback.

It is not my intention to read this whole article, but there are several pertinent paragraphs which, with your indulgence, I should like to read. These are Art Linkletter's words—a man, incidentally, who has three other children:

In the years since—

That is, since his daughter committed suicide.

—I've found the only way I could deal with Diane's death was to devote most of my time, energy and money to educating first myself and then the public to the facts about drugs. Today my revulsion at the use of drugs has not changed. But my understanding of who uses them and for what reasons, and my feelings about what can and should be done have changed drastically. That's why, when last spring my home state of California was considering a law to make the possession of marijuana a misdemeanor rather than a felony, I sent a letter to State Senator George Moscone in Sacramento urging that it be passed. (It was).

In this article he goes on to say:

I've spent the last six years facing those facts and now I strongly believe—

And this is what I want to emphasize, because I think the people of Canada should know what this man, a man who has every reason to hate and fear drugs, believes.

—that no good purpose is served by making criminals of the millions of Americans who use marijuana.

Mr. Linkletter goes on to rationalize those statements.

In all sincerity, I urge any honourable senator who is interested in the drug problem specifically, and in crime in Canada generally, to read this article.

Another step that we can take—and some efforts, I know, have been made in this direction—in the interim between now and the time that any report might be brought down, is to urge still more segregation of criminal psychopaths. Many of the young men and, to some extent, young women, who are sentenced to our penitentiaries find themselves in association with, and are very frequently, as we know, abused by, criminal psychopaths. There should be no connection in the world between the young man or woman who commits an ordinary misdemeanor— young people who are at this moment in our jails for bringing marihuana into Canada, young college students—and the criminal psychopath.

A few months ago one of my honourable friends expressed the hope that he had heard me speak for the last time about the young woman in Gander who was sentenced to seven years in prison for bringing marihuana into the country. My honourable friend expressed that hope in a jocular fashion, of course, but he has not heard the last of it. Since then two other young women have been sentenced to jail for the same offence, one of them receiving a seven-year sentence the same week as a man in my home town of St. John's, a man who was later found to be intoxicated, got into his motor vehicle and, driving it at twice the speed limit on a city street, struck and killed two children, one of whom, according to the police report, was

[Senator Rowe.]

thrown 60 feet by the impact. The man was picked up by the police and, as I said, was found to be driving while intoxicated. In sentencing that individual, the judge imposed the full force of the law, which was two years in the penitentiary. Of course, had he done something really serious, such as arriving in Gander with some marihuana in his possession, he would have received a seven-year sentence, but what he did was not very serious; it was only worth two years.

Another step we can take is to tighten our gun control laws. We do not have to wait for any report before making a move in that direction. I am well aware of the great amount of opposition that has been mustered against any tightening of our gun control laws. As Senator Cameron has already dealt with this subject much more adequately than I could ever do, it is not my intention to go into the arguments for such a step at this time, but there is no reason in this world why we could not eliminate the use of hand guns.

The critics, of course, will say that such a tightening of our gun laws will not keep guns out of the hands of criminals. The fact of the matter is that the murder rate in almost every country in the world is in direct proportion to the availability of guns. That is a fact of life.

I do not for one moment argue that we should restrict the legitimate use of rifles and other types of guns. I come from a province where a gun is often a necessary means of livelihood, or a partial means of livelihood. I would be the last one in the world to advocate such a move. However, I do know that the majority of the murders committed in my province were committed because, for example, a 19-year old man, drunk, having a row with his girl friend, could reach out and grab a rifle or a loaded shotgun. In my view, guns should not be as easily available to everyone as they are.

● (2120)

Honourable senators, there are several other items that I wanted to bring to your attention, but time is getting on and many of you, like myself, have probably been on the go all day travelling and are tired. However, I do want to end with this thought. I do not presume to know what causes criminal behaviour, and I have not yet met any person who does know. Maybe someone does. However, I think I know some of the things that cause or help to cause criminal behaviour in our society, and I believe there are steps we should take. I have named a few, and there are many more we could take.

In saying this I am perhaps expressing something analogous to what my friend Senator Prowse said in another context half an hour ago. Our society is one of a minority in the world today in the sense that we have a democratic society. With all its imperfections we do have a democratic constitution, a constitution based on democratic principles. Yet we are in a minority in the world today in that respect. I regret to say that most people do not appreciate that fact. The majority of the countries of the world do not practise democracy. Most of their constitutions are not democratic. A great many countries which on paper have a democratic constitution are not democratic in practice. We in Canada are in a declining minority. Scarcely a month passes without a country that we thought was on the road to democracy regressing, often, of course, with the help of some of the

so-called democracies, notably our friends in the United States.

Although it is a truism, we have to remind ourselves that democracy is a very fragile thing. There is no guarantee at all that democracy will persist. Historically we have seen democratic institutions overthrown. Democracy is vulnerable. We assume a great many things about democracy, but what is not sufficiently recognized is that it is highly vulnerable. It is vulnerable to excesses by those making up the democracies. This can be manifested in a variety of ways. It can be manifested by automobile manufacturers producing a car which has lethal characteristics, which statistically will kill 700 persons in the next twelve months. There are manifestations in the corruption we have seen in some of the heads of labour unions. Over and over again people insisting on the rights of labour have gone to excesses that have in some cases threatened the very bases of democracy. There are excesses in democratic society typified by crime of various kinds, by criminal behaviour which almost inevitably leads to criminal organizations of one kind or another.

Honourable senators, I leave you with this thought, although there is nothing original about it. We must remind ourselves that if we cannot control those excesses, if we cannot control the depredations being made on the democratic process, in some cases by big business, in some cases by big labour, in some cases by organized crime, in other cases by almost the anarchy which results from individual criminal behaviour, if we cannot control the onslaughts being made on the rights of individuals and the rights of our democratic society, democracy as we know it is in danger of being destroyed.

Hon. Lionel Choquette: Honourable senators, I do not want to speak at any length on this subject, but the more I examine this motion the more I find that it is vague, and that it would be difficult to deal with. It says that there should be a committee:

to inquire into and report upon crime and violence in contemporary Canadian society.

That is a large order. As Senator Rowe said, it is not something that can be dealt with in a few months or a year, or even perhaps two or three years.

Exactly what type of directives will this committee have? Will it endeavour to find the causes of crime and violence? There can be more than several dozens, or several hundreds. To cite only a few, it might be a boy becoming a criminal because of poverty, poor surroundings, atavism; it might be a question of bad companions, older boys fraternizing with younger boys and setting a bad example; it can be heredity and so on. That is part of the inquiry that I think the committee will be asked to conduct.

After hearing my good friend Senator Rowe making his very able speech, I think there is a second task the committee will have, which is how to deal with those who commit crime. That again, as will be readily understood, is quite a large order. Then there is the definition of crime or a criminal offence. If we are to believe Senator Rowe, some things that are considered as criminal or crimes today should not be so considered.

Finally, there is the consideration of how to eliminate crime. We go in a vicious circle. How can crime be eliminated until we know the causes? How can we eliminate the causes? How can we eliminate, for instance, poverty, poor surroundings, atavism, heredity and all that?

I am wondering what conclusion this committee, composed of I do not know how many senators, who will hear psychiatrists and psychologists, will arrive at. I fail to see in this motion any directive to the committee in that respect. I have given only four or five aspects. There can be many more. I am wondering how any committee can:

inquire into and report upon crime and violence in contemporary Canadian society.

Unless something is added to the wording of the motion, I think that it would be asking any committee that is appointed to tackle a terrible task.

On motion of Senator McElman, debate adjourned.

● (2130)

Senator Petten: Honourable senators, I move the adjournment of the Senate.

Senator Grosart: For clarification, I wonder if the acting leader would indicate to what time the Senate stands adjourned? There was a previous motion, and I would like clarification of that.

Senator Petten: We sit again tomorrow at 2 o'clock.
The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, November 25, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

INCOME TAX ACT

BILL TO AMEND, (NO. 2)—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-65, to amend the statute law relating to income tax, (No. 2), and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS—
QUESTION AND ANSWER

Senator Flynn: Honourable senators, may I ask the Leader of the Government whether the number of postal employees who are back at work has risen above 1½ per cent?

Senator Perrault: Honourable senators, with the opening of five new offices today, a total of 181 are now open across the country compared to 176 on Monday. Manpower has increased considerably over Monday. About 11 per cent of the CUPW staff are now back on the job. Today's 24-hour figures, ending at 10 a.m. Eastern Standard Time, show that 2,469 employees are at work compared to 2,028 at work on Monday.

The most significant increase has been in the Metropolitan Toronto area where nearly 1,000 CUPW workers are in the various offices. Monday's figures showed slightly more than 600 at work. There were 182 full-time and 98 part-time employees at work in Terminal A in Toronto.

North Bay, although not offering wicket service yet, plans to have letter carrier service tomorrow as there are now eight full-time employees on the job, including four railway mail clerks.

• (1410)

CUPW employees in Edmonton are expected to take part in a closed vote on returning to work and accepting the government's wage offer, starting at 4 p.m. Eastern Standard Time today. The vote is being sponsored by a local radio station.

Nova Scotia District reports 17 highway services and 15 stages services operating in the province today. New offices opening today in addition to Charlottetown were

Mont Laurier, western Quebec; Dryden, northern Ontario; Burns Lake, British Columbia, and St. Albert in Alberta. It was erroneously reported earlier that Newcastle in New Brunswick District had reopened. To all intents and purposes, mail service is back to full operation in Prince Edward Island today.

There have been reports from across the country that there may be votes held in a number of postal centres across Canada to enable the membership to express their views on returning to work, although this again is reported to be only on a local basis at this time.

Senator Walker: It is certainly working in Toronto. My wife says she got 29 bills this morning.

Senator Perrault: Interestingly enough, honourable senators, I have had two reports this morning that a number of bills have been received in the Ottawa area, which may indicate that the postal workers are being selective in their sorting practice.

Senator Walker: Unfortunately.

THE CANADIAN ECONOMY

ATTACK ON INFLATION—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the White Paper entitled: "Attack on Inflation—A program of national action", together with a booklet giving the highlights of the Government's anti-inflation program, both dated October 14, 1975, tabled in the Senate on Tuesday, 21st October, 1975.—
(Honourable Senator Grosart).

Senator Grosart: Honourable senators, I adjourned the debate yesterday on behalf of Senator Flynn, and I ask that he be allowed to proceed.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[Translation]

Hon. Jacques Flynn: Honourable senators, on Monday October 13, 1975, Thanksgiving Day, at 9 p.m. while I was before my television set, we were advised that the Prime Minister had asked the national broadcasting system to make some time available to him for a most important statement.

Mr. Trudeau appeared on the screen with a somber but resolute look reminding us of five years ago when he had announced the enforcement of the War Measures Act to control the apprehended insurrection in Quebec. You no doubt remember that famous crisis which with time seems to have been imagined if not grossly exaggerated.

What is the recent important event which makes him feel that anxiety clearly visible on his face? What is he going to say? And now he begins to speak and I quote:

Tomorrow, the government of Canada will ask Parliament for the authority to impose severe restraint upon rising prices and incomes. This program of restraint is the heaviest imposed upon Canadians since the Second World War.

Under this program, a selected number of powerful groups in Canada will be required by law to obey strict guidelines on any increase in prices they charge, and incomes they earn.

The price and income guidelines will take effect at midnight tonight. They will be enforced on the federal government and all its employees, on the 1,500 largest companies in Canada, including virtually every company in the construction industry, and on all the employees of all those companies. The guidelines apply as well to all professional people, such as doctors, lawyers, accountants and engineers.

And a little further, he said:

That is the only anti-inflation weapon which offers hope of permanent success. That weapon is in your hands; I am appealing to you to use it.

Is it really Mr. Trudeau speaking? My eyes and my ears cannot deceive me. In this respect, I am well equipped.

It is truly the face and the voice of Mr. Trudeau, but what he says, is it coming from him? Is it really he? I would have thought that these words were spoken by Mr. Stanfield. I continue to listen attentively. I recall what Mr. Trudeau was saying not so long ago, during a question and answer period at the Lindsay Collegiate and Vocational School, at Lindsay, Ontario, on May 23, 1975. Someone asked Mr. Trudeau what was the difference between his program and that of the Conservatives. He answered and I quote:

● (1420)

[English]

Well the point is that it doesn't resemble it at all. You will recall that they were in favour of compulsory, statutory, price and wage controls, they wanted a law which would freeze everything and control everything. We've taken exactly the opposite approach. We've said rather than, perhaps, it's a good distinction of a difference between Liberalism and Conservatism, when there is a chance of appealing to people's freedom and common sense rather than forcing them to do something by the law we prefer the first course if it is at all workable. And our approach, has been, I repeat, exactly the contrary to the one that you say, it has been to talk to the labour unions, talk to the management groups, talk to the professional groups of landlords, to groups of producers, and try to explain to them that they must show voluntary restraint rather than submit to state controls of their every action, of their every move, whether it be in the area of prices or of wages. So, that's basically the two distinctions; we are still hopeful that a democracy can work and that citizens, your parents, can freely accept some form of restraints which are necessary for the economy.

[Translation]

As I said, that statement by the Prime Minister dates back to the month of May. At that time the government, mostly Mr. Turner, was seeking a consensus. The statement indicates only a slight evolution of the Liberal Party since the 1974 campaign, when the Conservative program was ridiculed, said to be inefficient, useless and dangerous, that inflation was assumed to be caused by external factors over which the government had no control. Yet, strange to say, about ten days before his famous statement of October 13, the Prime Minister had said that he would not touch price and wage controls with "a 10 foot pole."

Before the end of his speech, and I am listening attentively, he will surely explain what happened since the 1974 electoral campaign, since May 1975 and in the last ten days that impelled him toward this incredible or at least surprising reversal of his position.

He completed his address simply with the following remarks, quote:

I believe that Canadians will respond to the program. Together we can make it work. Together we will make it work.

I wonder if my surprise is greater than my scepticism. We would no doubt obtain explanations within the next few days. The following day, the new Minister of Finance tabled in the House of Commons his White Paper entitled "Attack on inflation, a program of national action" which he turned over to the news media. This document is certainly not a product of spontaneous generation. It was not prepared within the previous 10 days. It was elaborated before Mr. Trudeau stated that he would not touch controls with a 10 foot pole. Yet there was nothing in the government's attitude over the past year to indicate that it would adopt or seem to adopt the program it is proposing to us now and which is made up of four main parts; namely:

(1) Fiscal and monetary policies aimed at increasing total demand and production at a rate consistent with declining inflation.

(2) Government expenditure policies aimed at limiting the growth of public expenditures and the rate of increase in public service employment.

(3) Structural policies to deal with the special problems of energy, food and housing, to ensure a more efficient and competitive economy and to improve labour-management relations.

(4) A prices and incomes policy ...

—this is new—

... which establishes guidelines for responsible social behaviour in determining prices and incomes of groups, together with machinery for administering these guidelines and ensuring compliance where necessary.

There is no question that this is an impressive program which can appeal to people who did not believe in it, not so long ago.

Those guidelines are, there is no doubt about it, the program submitted to the electorate by the Progressive Conservative Party in 1974. It is indeed the program which, at least as a whole, Mr. Trudeau, his government, and the Liberal Party rejected.

Senator Langlois: And the Canadian people.

Senator Flynn: That is indeed the program that was scoffed at openly, which was said to be useless, inefficient and dangerous. That is the very program Mr. Trudeau convinced the people, the electorate, to reject.

A few days ago—

Senator Greene: There was no program.

Senator Flynn: Who had no program? The Liberal Party! I agree on that, it has never had any, in fact. It has always adapted to the circumstances. Opportunism is its trade mark.

A few days ago, goaded by the adverse reactions of a considerable part of public opinion, Mr. Trudeau said, courageously:

● (1430)

This program is necessary, although it is most possible that as a result the Liberals will lose the next election.

Ah, it may be that, between losing the 1974 election and the next one, it was safer to wait!

In his text, the Minister of Finance will undoubtedly explain the change in the government's view, from a strong opposition to any kind of control to the sudden decision to impose such controls at all levels.

The document is long and detailed. Once again, I presume that it was prepared a long time ago and many think it was planned before the 1974 election. And why not, as it does not show any change of position. The inflation rate itself, even if it is now at an extremely dangerous level, has not changed much during the past year. We have to wait for more explanations, which will be given by several ministers but which will all be contradictory or childish.

I clearly remember that one minister said among other things:

The type of inflation we had in 1974 before the election was due to foreign pressures whereas now it is due to domestic factors.

One could infer from the minister's statement that there were no domestic inflationary factors in 1974 and that all external ones have now disappeared.

The Hon. Mr. Chrétien explained that the government was prepared to pare expenses, was ready to adopt restrictive policies that it was not ready to put forward previously. On the other hand, the Hon. Mr. Macdonald is telling us that the budget deficit will be larger than expected. It is odd. The more you save, the more you have to pay.

Therefore, this government is asking Canadians to tighten their belts and telling them it is a matter of life and death, that our economic survival depends on it.

Let us go back to the points made by the Minister of Finance and examine the first, namely:

Fiscal and monetary policies aimed at increasing total demand and production at a rate consistent with declining inflation.

We were first told it was vital that financial policies should not allow an excessively rapid expansion of our money supply. This is indisputable and was true in 1973,

[Senator Flynn.]

and 1974 at the time of the general election, and this year, 1975.

However, ever since the Right Hon. Mr. Trudeau became Prime Minister in 1968, money supply has increased by 111 per cent, and by 15 per cent during the last twelve months. A genuine about-face! What explanation is given to justify it? None at all. At the same time, and notwithstanding that statement in the White Paper, the observers foresee an increase of 18 per cent in the money supply in 1976.

What kind of financial policy is being proposed? Generalities. Will the government reduce income tax in order to bring about a growth rate that will result in a decline in unemployment? It is yet to be decided upon, but the experience of the last two budgets introduced by Mr. Turner shows that the government does not know where it is going, that it tears down with one budget what it has tried to build up in the previous one.

Let us discuss the second point of the program:

Government expenditure policies aimed at limiting the growth of public expenditures and the rate of increase in public service employment.

Here, at least, one must admit that the government has always claimed to apply restrictions and make substantial cuts in its spending. The bad part of it is that the results were never in line with its claims. You remember the announcement, last Spring, of a reduction of more than \$1 billion in the estimates, made by Mr. Turner in his budget speech.

At that time I asked, when the first supply bill was being considered here, whether the government intended to reduce the estimates on which it was working. No. We were told that all that would be cut were the estimates for potential projects. Then, this is mere humbug! Window dressing for the public at large! We were certainly not going to reduce the rate of growth of expenditures.

Not so long ago, Mr. Chrétien said when tabling the last supplementary estimates: "I think I shall be able not to exceed a 15 per cent increase, which is the rate I forecast from the outset." He says 15 per cent except for imponderables.

The Minister of Finance said last week that we would have a budget deficit of \$5 to \$6 billion. He rectified this, saying it would be only \$3 to \$4 billion. Well, if you call this an accurate program for the reduction of expenditures, I wonder who has illusions, or to whom we want to give illusions?

I said earlier that this reduction should have been reflected in the public fund appropriations asked by the government but there is no cut in the estimates for the fiscal year 1975-76. The responsible ministers pointed out, as I said, that the cuts concerned projects which were not included in the estimates for this year. A red herring. Another red herring!

Furthermore, Mr. Macdonald warns us with his statement:

Although the possibility of reducing expenditures is limited, the federal government has decided to make supplementary savings wherever possible.

Of course, what assurance are we getting from these experiences and figures I just quoted? Until now it has

seemed to be impossible. Then, why should we be confident now?

We can find the same thing, the same restrictions, in the statement made by the Honourable Mr. Chrétien when he introduced his supplementary estimates of \$1,751,000.

Now, the third point of the program:

Structural policies to deal with the special problems of energy, food and housing, to ensure a more efficient and competitive economy and to improve labour-management relations.

Here again there is nothing really new. There is a reference to the energy policy. By the way, is the energy crisis another situation that has been entirely dreamed up by the government?

Assuredly, Canada is not facing a shortage and the only result of the government's policy has been a substantial price increase for all forms of energy.

In the housing field, a program to promote the construction of a million low rental dwellings in the next four years has just been announced.

● (1440)

On Monday November 3, the Honourable Mr. Danson said, and I quote:

The commitment of the federal government is to ensure production of the kind of good quality housing that lower and middle income Canadians need and can afford and, through these measures, to dampen inflation in the housing sector and stimulate economic growth and the creation of employment opportunities.

He said:

In order to achieve these objectives, the government will require private lending institutions to direct mortgage financing to lower and moderately priced new housing. In 1976, this will require an additional \$750 million...

It is not the first program of this kind. The results of the previous ones are not a cause for great optimism. And until now, from what we have seen in this field, the government keeps launching new programs only to realize after a certain time that they did not work and that they have to be revised or revamped.

I come to the main point:

A prices and incomes policy which establishes guidelines for responsible social behaviour in determining prices and incomes of groups, together with machinery for administering these guidelines and ensuring compliance where necessary.

No one here will doubt that my party supports that policy in principle, but, of course, it has very serious doubts as to the suggested avenues. What is sure is that the success of that program will above all be based on the credibility of the government and this is now lacking. You cannot reverse your policy as Mr. Trudeau just did without any justification.

You cannot talk about inflationary expectations. You cannot steal a program you have been opposing without first beating your breast, becoming humble, apologizing. You cannot, if you expect nationwide support, fail to admit that you have been wrong, and that you have misled the nation, if not deliberately, at least unknowingly.

Of course, that is not a very natural attitude for the Right Honourable the Prime Minister and his government. Being humble is not their main characteristic. The Liberal Party cannot within a few days rid itself of its complex of superiority, infallibility and, why not, indispensability—and I am thinking here of Mackenzie King whose philosophy and mentality are still leading and haunting the Liberals. Still, I repeat that is the first condition for his control program to be successful.

I said that was the first condition, but it is not the only one. The government's credibility is also belittled by the confusion, the indecision, the procrastination and, in some ways, by the inflexibility inherent in the program.

First of all, the straitjacket they intend to force upon our economy for a period of three years, at least, frightens all the sectors of the economy, employers as well as employees, because people think that after a three-year period our whole system might be shattered and find it difficult to resume its cruising speed, and the results after three years might be disastrous for our free enterprise system. The government should therefore consider the Hon. Mr. Stanfield's suggestion to reduce that period to a maximum of 18 months.

Second, there is confusion due to the fact the board cannot say how and to what extent revenues may rise.

Third, the suggestion that there will be a freeze on dividends is unrealistic, discriminatory and unfair to a large number of fixed income earners. It also contradicts the need to promote capital expenditures, thereby stimulating the economy.

Fourth, the government cannot assure the Canadian people that the same rules established under this federal statute will be used by the provinces in their fields of jurisdiction, indicating hesitations that are bound to cause extremely dangerous reactions.

Generally, the government is creating a definite impression that although it had intended for a period of time before imposing controls, it could do nothing but improvise when time came for action.

Mr. Trudeau said on the evening of October 13 he hoped the people would accept his program because all Canadians working together could make it succeed. There is no question the government needs the support of all the people, but to date I suggest it has not been very convincing. It must bear the major responsibility for adverse reactions in every sector of the economy and the Canadian people.

Despite all this, I have no doubt that when Bill C-73 is enacted, hopefully with the amendments needed, Canadians will want to comply. The business community, although justifiably concerned, promised its support. There remains the attitude of labour unions, which is really disquieting.

I do not contest labour's right to fight the bill and above all to improve it, as long as it has not been enacted by Parliament. However, it seems unacceptable that we hear threats of a general strike and illegal action.

Although concerned by this possibility, I am not surprised. In the last few years, illegal strikes have become frequent, regular, and virtually accepted by public opinion. There have been teachers' strikes blatantly disguised as study sessions or other manifestations. The student popu-

lation is no longer surprised by the fact that those in charge of their education flout the law. Groups of workers have refused to obey court orders to go back to work.

Parliament has even passed legislation ordering a group of workers to obey the law. Is this not completely absurd?

It is true that the government has sometimes given a very bad example in this regard. I am thinking of the present government which, for more than eight years, has systematically refused to apply the law providing the death penalty for murderers of policemen and prison guards. At the present time I do not want to pass judgment on this issue, but simply point out the defiance of the law which exists nearly everywhere, and under the most misleading pretexts.

It remains that whatever the cases of defiance of the law, and even if the government itself has been guilty of it on occasion, it is totally irresponsible on the part of labour unions to take the demagogic attitude that some of their leaders would want them to take. I could give as an example of such types of cases the fanatic Michel Chartrand. Others are a little less fanatic, but not less irresponsible. For these people, the opportunity is, of course, much too good not to attack our free enterprise system and suggest that the legislation studied by Parliament aims simply at protecting the private sector of industry and commerce. To combat this propaganda and to make the workers understand that it is as much to their advantage as it is to the other sectors of the population that we fight inflation, and that they must play their part like everyone else, the government will have to be extremely careful and above all suspicion. This is truly an occasion for the government to emulate Caesar's wife.

Not only will it have to be convincing but convinced as well, because people may and do wonder whether the government actually acts as it thinks, or whether it thinks as it acts—people are not sure.

In any case, I hope once the legislation is passed it will have the support of everyone. For the time being, we on this side of the house feel free to criticize the shortcomings of the program and even vote against the bill, which will be the expression of war against inflation if we think the bill is defective. But we assure the government right now of our support in its application and we ask each and every one in this country to do the same.

Senator Greene: Would the honourable senator allow a question?

Senator Flynn: Always, my honourable friend.

Senator Greene: Would the Conservative Party want to have an election on the issue of the government's program?

Senator Flynn: I do not know how the issue could be put to the people. But if the election were to be a vote of confidence in the Liberal government I have no objection because I know in advance what the result would be.

On motion of Senator Petten, debate adjourned.

[English]

PRIVILEGES AND IMMUNITIES OF SENATORS

MOTION TO APPOINT SPECIAL COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Langlois:

That a special committee of the Senate be appointed to examine and report upon the privileges and immunities that apply to members of the Senate within the precincts of the Senate, and the powers of the Speaker in respect thereof.—(*Honourable Senator Croll*).

Senator Croll: Honourable senators, I ask that this order stand until December 9.

Senator Asselin: You aren't ready?

Senator Croll: I am ready.

Senator Grosart: Make it December 19.

Senator Asselin: Have you received orders not to speak?

Senator Croll: I have no objection. My own feeling is that our colleague is entitled to the courtesy of silence. I am trying my best to give it to him.

Senator Asselin: It is a question of diplomacy.

Order stands.

Senator Langlois: Honourable senators, I move the adjournment of the Senate.

Before the question is put, I would remind honourable senators that the Standing Senate Committee on Legal and Constitutional Affairs will sit as soon as the Senate rises.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 26, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

LIBRARY OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator McIlraith be removed from the list of senators serving on the Standing Joint Committee on the Library of Parliament: and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS— STATEMENT

Senator Langlois: Honourable senators, before the Orders of the Day are called, I should like to give the house the latest report on the strike of the Canadian Union of Postal Workers.

The situation across the country continues to show a gradual improvement, with 187 offices fully operational today compared to 181 Tuesday. There is a slight improvement in manpower as well, with 2,518 CUPW employees on the job today. Tuesday showed 2,469 CUPW employees at work.

There is nothing to report as of noon on any resumption of negotiations, although the media continues to report that a meeting will be held today. Western Quebec reported another office open today—Ste. Agathe—with Hespeler, Hanover, Niagara-on-the-Lake and Ridgetown opening in southwestern Ontario, and Richmond Hill and Thornhill being operational in Metro Toronto.

Toronto's Terminal A reported 282 employees at work in the last 24 hours while nearly 1,000 are on the job in the Metro Toronto area. Control Centre reports picketing but on a much smaller scale than Tuesday.

Western Region reports some 400 members of the Saskatchewan Federation of Labour walked the picket line in Saskatoon Tuesday for some 20 minutes before returning to a conference on the wage and price guidelines.

INCOME TAX ACT

BILL TO AMEND, (NO. 2)—THIRD READING

Senator Hayden moved the third reading of Bill C-65, to amend the statute law relating to income tax, (No. 2).

Motion agreed to and bill read third time and passed.

NATIONAL DEFENCE ACT AND CRIMINAL CODE (TOTAL ABOLITION OF CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Argue, seconded by the Honourable Senator O'Leary, for the second reading of the Bill S-23, intituled: "An Act to amend the National Defence Act and the Criminal Code (total abolition of capital punishment)".—(*Honourable Senator Prowse*).

Senator Petten: Stand until Wednesday next, December 3.

Senator Argue: Honourable senators, I wonder if I might rise on a question of privilege, or perhaps it is a "question of order." I introduced this bill in the Senate some months ago. On June 10 last, Senator Prowse moved the adjournment of the debate. It seems to me that when a bill such as this is in the hands of the Senate and is the property of the Senate, that honourable senators should be given every opportunity to take a decision on it. There should not be an endeavour, as there is now, obviously, to postpone debate indeterminately in order that a decision is not taken.

I would hope that whatever adjournment is moved today, that it be a brief one, and I would hope that the Senate will soon be given an opportunity to vote on the second reading of this bill.

● (1410)

Senator Flynn: Is there any motion?

Senator Langlois: No, it is a question of privilege.

Senator Argue: If there is no motion before the house, I claim the right to close the debate.

Senator Petten: There will be a motion on Wednesday next, December 3.

Order stands.

CRIMINAL CODE (COMMUTATION OF DEATH SENTENCE)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion, in amendment, of the Honourable Senator Neiman, seconded by the Honourable Senator Norrie, to the motion of the Honourable Senator Robichaud, P.C., seconded by the Honourable Senator Eudes, for the second reading of the Bill S-21, intituled: "An Act to amend the Criminal Code (commutation of death sentence)".—(*Honourable Senator Flynn, P.C.*).

Senator Flynn: Honourable senators, I would hope that Senator Petten would deal with this order as he did with the previous order.

Senator Petten: Stand until Wednesday next, December 3.
Order stands.

RULES OF THE SENATE

REPORT OF STANDING COMMITTEE ON STANDING RULES AND ORDERS ADOPTED

The Senate resumed from Tuesday, November 18, the debate on the motion of Senator Molson for the adoption of the report of the Standing Committee on Standing Rules and Orders which was presented Wednesday, October 29.

Hon. Hazen Argue: Honourable senators, we have before the Senate today, and have had for some time, the report of our Rules Committee. This is an important report. It is certainly comprehensive, and will undoubtedly result in many changes to our rules. I have gone over the evidence given at the meetings of the committee. One thing that has impressed me from reading that evidence is that the chairman of the committee has an excellent grasp of our rules, and that he obviously presided over the committee in a fair and impartial manner. While I have some reservations about certain proposed rules, I think the report is in general a consensus of the views of members of that committee.

I should now like to make some comments on a few of the proposed rules. To me, the purpose of our rules and their interpretation should be for the discharge of the work of the Senate, for the improvement, if possible, of the work of the Senate, and they should be such as to encourage rather than discourage effective work by senators.

I first comment on the proposed rule 32, which commences:

A debate shall not be in order on an oral question—

I do not have any objection to that general rule, but I would point out it has been the practice in this chamber, certainly on some occasions, to interpret rule 32 with some latitude. If I, as a senator, raised a matter by way of a question and other senators wished to comment, that kind of thing was often allowed by the Speaker and by honourable senators. When someone has raised an urgent question on which a number of senators have wished to make brief comments, I think it has been found desirable that there be a liberal interpretation of the rule. I believe that practice should be continued.

The next rule I wish to comment on has to do with quoting statements from speeches by members of the other house. It is a rule which has been honoured more in the breach than in the observance.

Senator Grosart: What rule is that?

Senator Argue: Rule 34A. Certainly, I have from time to time quoted from speeches made in the other place, and have been called to order. I simply smiled and went ahead and kept on quoting, eventually placing on the record everything I had wished to when I commenced.

Senator Flynn: Some of us are expert in doing that.

Senator Argue: Senator Flynn and I have had this kind of discussion in years gone by. I must say I am a great admirer of Senator Flynn. He is most logical, and one of the best senators we have.

Hon. Senators: Hear, hear!

[Senator Flynn.]

Senator Argue: The indication here is that there is to be a new rule, which says:

The content of a speech made in the House of Commons in the current session may be summarized—

I can say, with respect, that the late Jimmy Gardiner would have enjoyed a rule such as this because he was adept at paraphrasing. I think this kind of rule would lend itself to that, perhaps getting us into more difficulty than if we had a rule which allowed us to quote what was said instead of merely giving by way of memory or summary what we say was said.

The rule goes on to say:

—but it is out of order to quote from such a speech unless it be a speech of a Minister of the Crown in relation to government policy.

I have tried to think about how a minister of the Crown would make a speech which was not in relation to government policy. It is pretty far-fetched to think that that could happen. For example, when the Prime Minister defends or champions his wage guidelines, that will certainly be a case of a minister of the Crown making a speech in relation to government policy, even though it may not in fact be an announcement of new government policy at the time. Certainly, if he were not talking about government policy he would be called to order.

So I welcome that rule. I hope I do not gum it up by welcoming it too strongly, but I think it is a good rule because inevitably we will refer to speeches made in the other place—we must from time to time in order to be relevant. Therefore, we should have in our rules some guide as to the manner in which we can make such reference.

The next point I wish to discuss has to do with the quorum. I have been involved in a number of meetings, both formal and informal, and I can say that the subject of quorum seems to pose certain difficulties. The proposed rule 70A reads as follows:

A quorum is required whenever a vote, resolution or other decision is taken by a select committee, but any such committee, by resolution thereof, may authorize the chairman to hold meetings to receive and authorize the printing of evidence when a quorum is not present.

That is just a practical suggestion. The chairman of the committee has already said that there was much discussion as to whether senators not of the committee might be considered members for the purpose of arriving at a quorum. I think this is preferable. As others have said on other occasions, you can pretty well trust the chairman—usually, anyway—and you can certainly trust senators generally.

I believe this new rule would be seldom used, in any event. We almost always have five members present at a committee meeting. Nevertheless, it is well to have the rule there in case there are important witnesses appearing before a committee which would not otherwise be able to sit, and also in the event that several committees are meeting at the same time, at which point it becomes a question of whether or not the committee can, in fact, function. I believe this is a good suggested change in our rules.

● (1420)

I have some doubts about rule 67(1), having to do with the operation and work of committees. It reads:

(g) The Senate Committee on Foreign Affairs composed of twenty members, five of whom shall constitute a quorum, to which, if there is a motion to that effect, shall be referred bills, messages—

The rule as presently constituted reads:

—to which shall be referred on motion all bills—

I believe what was troubling the committee was the fact that sometimes this rule is not honoured. The Senate at present does not refer all bills, messages, petitions, inquiries, et cetera, to a given committee. It is as well to have in our rules the statement that these things are, in fact, referred to committee, unless the Senate decides to forego the rule or overlook it.

It somewhat weakens the insistence that bills, messages, petitions, et cetera, be referred to committee. I have been assured that this is there merely to point out the fact that they are not always referred to committee. No senator has any wish to restrict in any way, because of this change, items that may go to committee. Any senator can move that one of those items shall be referred to committee.

Senator Flynn: It could be the decision of the house. The majority could say no.

Senator Argue: That is right. To that extent it does weaken the provision. In any event, I would hope that in actual practice this change will not be used to reduce the number of measures that go to committee. It is pretty easy to restrict the number when we are under great pressure towards the end of a session or approaching an adjournment, because of the amount of legislation that comes to us. We would be better to retain the present rule which protects decisions of the house against the majority who wish to skip sending something to committee. In any event, I hope my fears are not well founded and the practice of sending all these items to committee will be continued, because doing so is in the best interests of the Senate.

I wish now to refer to the proposed rule 77(6), which is:

Except as provided in these rules, a select committee shall not, without the approval of the Senate, adopt any special procedure or practice that is inconsistent with the practices and usages of the Senate itself.

On the surface that looks pretty sensible, and quite harmless. It says that a committee shall not do something which is inconsistent with the practices of the Senate.

I do not think we have encountered difficulties with our committees, despite the fact that we had quite a lively debate in the house as to whether the Standing Senate Committee on Legal and Constitutional Affairs should be permitted to televise its proceedings. I do not think there has been any move on the part of committees to do things which are wild, irresponsible, and inconsistent with the practices of the Senate.

There is a danger, if we say to the committees, "You have to be consistent; we are watching you; do not improvise; do not do things in committee which are not consistent with the practices of the Senate," that we may place the committees in a difficult position.

Committees do not function exactly like the Senate. In committee there are witnesses of whom questions are asked. I may not have had very much experience and I may not be the best committee man in this chamber, but I have read the evidence presented to our various committees.

The Special Committee on Mass Media, for example, had some high-priced counsel—legal assistance—who undertook a substantial part of the questioning. That is a procedure which is not generally followed in the chamber. I do not see anything wrong with that. If experts, working for the committee, are in a better position to bring out the evidence at a given time, then I do not see anything wrong with using them. However, we should be careful that we do not hamstring the committee.

At one of the meetings of the Standing Senate Committee on Agriculture, a new technique was used—at least, it was a new technique for me. Present at the committee meeting were some very fine witnesses from the Universities of Laval and Moncton. The committee was discussing agriculture education in the French language, so that graduates who had taken the agriculture course and who were fluent in the French language could do a good job in the field of agriculture in certain parts of the country. At the conclusion of the more formal part of the hearing, it was suggested that there should be a kind of round robin, and it was agreed that anyone could make a statement or ask questions. Some of the very competent witnesses from one university were questioning those from the other university. In my opinion, that was an excellent exercise, an excellent procedure, but it might not have been strictly consistent with the practices of the Senate. Therefore, we should be cautious in not laying down too rigid rules for committees to follow.

Perhaps I can be pardoned for quoting from the record of one of our committee hearings, as it is one way of emphasizing my point. At that particular committee hearing I brought forward this matter to which I have just referred and, in reply, Senator Grosart said:

The Senate itself would decide whether it was consistent or not, but in this case I am quite sure the Senate would decide it was not inconsistent. If there is any doubt, why not find out whether the Senate wants it or not.

SENATOR COOK: Are we not just raising a red flag? Any committee chairman has to be looked at as a reasonable, rational person.

I thanked him for that comment.

SENATOR LANGLOIS: I think you have to trust your chairman.

SENATOR GROSART: You have to go on the basis that you cannot trust anybody, or you would not need rules.

He may have put it in a nutshell, and this may be exactly the way it is. I have operated on the basis that you must trust most people. Perhaps I am naïve, and perhaps Senator Grosart is quite accurate.

In my opinion, our committees should be given substantial leeway in performing what has been and will be a useful work for the Senate, and for all Canadians generally.

There is another rule to which I should like to make reference. Rule 67(1)(f) deals with the Internal Economy Committee, and says:

The Committee on Internal Economy, Budgets and Administration, composed of twenty members, five of whom shall constitute a quorum, which is empowered on its own initiative to consider any matter relating to the internal economy of the Senate, including budgetary matters and administration generally, and to report the result of such consideration to the Senate.

There has been some suggestion that this is going far afield, that this committee should not be given such a self-starting power. The reasons for proposing this rule have been stated, and it seems to me that they are valid reasons. It would seem to me that when the Internal Economy Committee has to deal with so many of what have been called "housekeeping" matters relating to monetary and administrative matters in respect of the Senate and its committees, it is impossible and impractical to have every item referred to that committee by the Senate itself. It would seem to me that there is a good deal of control now—I would think ample control—under our rules, as I understand them, although I am really no authority on them. I just try to get as good an understanding of them as I can.

● (1430)

For a select committee to function, its work, its authority, has to be provided by the Senate. Also, its proposed budget has to go before a budgets subcommittee of the Internal Economy Committee, and the Internal Economy Committee itself. I think Senator Forsey will agree with me when I say that that committee is tight-fisted, is careful. When you go before it with a budget, you are on edge. You do not know whether you will succeed in getting the budget through, even though in your own heart you know that it is a modest budget and, if anything, on the cheap side. But that committee looks at it very, very carefully. Its members are like the late Ross Thatcher. I often said to him, "I think you are more careful with public money than you are with your own," and those who knew him will acknowledge that that meant he was exceedingly careful with both. The Internal Economy Committee is careful, it is responsible and I think that being able to operate in the way suggested would certainly be an improvement.

Whatever is passed by the committee, of course, has to be reported to the Senate, so that I do feel there is good control over expenditures by the Senate and its committees. I should think the Internal Economy Committee, under the chairmanship of Senator Laird, would not abuse any authority it is given by the Senate, and will conduct itself in a businesslike and rational way.

For those reasons, I very warmly support this addition to our rules.

There is one other matter I should like to deal with before resuming my seat. In my view, the Senate should give some consideration—and I say this in a humble and sincere way—to what I believe is a problem. I refer to very long, protracted adjournments of debates which, to my mind, sometimes become not just adjournments for the convenience of some honourable senator by way of allowing him sufficient time to prepare a speech, but part of a technique by those who have a greater influence in this

[Senator Argue.]

chamber, if I can put it that way, to see that certain things are not dealt with by way of the question being put on the motion. To alleviate this problem, I would suggest a change in our rules whereby a senator may adjourn a debate, but, if the item is called on four occasions and he is not present to continue the debate on the fourth occasion, then he automatically relinquishes his place to someone who is prepared to continue the debate.

I realize that if it is wished to keep on delaying debate on a question, that can still be done simply by lining up honourable senators to adjourn the debate. However, by so doing it would be a bit more embarrassing, and I would think that in the Senate we really do not have that much to fear, if we have anything to fear.

I feel the pressure when it is applied—and it is applied—by the administration in another place. I feel it when it is applied in the Senate, and I am embarrassed when I start to feel it. Many honourable senators are on record that they do not like being boxed in at the end of a session and presented with all kinds of legislation from the House of Commons that they are expected to rubber-stamp. It is a bad thing when we are expected to rubber-stamp legislation, and I do not like to be a rubber stamp.

Senator Choquette: Hear, hear!

Senator Argue: I am guilty of being a rubber stamp, along with everybody else, when we are in the mood to rubber-stamp.

I would urge on the house, particularly in respect of bills and motions standing in the names of honourable senators—items that are not government measures—that at least to that extent there should be no endeavour to block or change the normal course of events in the Senate, and that all honourable senators, even though they may be in a minority at times, be allowed to take a decision on a question before the Senate.

I do not have a definitive answer to this problem, but I do think it is a real one. I believe it to be a real problem. I think some thought should be given to changing our rules so that matters of a private or public nature standing in the names of honourable senators as individuals might be expedited and brought to finality.

Honourable senators, I repeat, this report, by and large, is a good one. The chairman and the Rules Committee have performed, in an efficient and businesslike way, a very useful service for the Senate, and I am delighted to have been able to make these comments on the report.

Hon. Senators: Hear, hear!

Hon. Allister Grosart: Honourable senators, perhaps I might be permitted to make a few comments on what Senator Argue has said, because in many ways I find myself in agreement with him.

Senator Flynn: Is that the best reason?

Senator Grosart: I am not always in agreement with Senator Argue, so I hasten to say that on this occasion I find myself in agreement with some of the remarks he made. This stems particularly from his comments on rule 32 which, at the present time, prohibits extended debate on an oral question. A few days ago something like 12 senators participated in a debate on an oral question. In other words, the rule is not being kept by habit. In the discussion

in the Rules Committee I did raise the whole matter under rule 28 which, in the revised version, says:

A senator shall not speak more than once to a question before the Senate—

The view I expressed at that time was that this is a rule we do not need. In fact, as Senator Argue has just indicated, it may be the kind of rule that circumscribes the kind of debate most of us would like to see take place in this chamber more often. I do not think we need a rule that a senator may not speak more than once on a question before the Senate, for the simple reason that if we have any problem in this chamber in respect of dealing with bills or questions before the Senate it probably is that we do not have enough debate. Occasionally, of course, we use the device of referring a particular bill or subject to Committee of the Whole, in which case this rule does not operate. It has been my view that if we used that device, the practices and procedures of Committee of the Whole, in all our discussions here, we would not find ourselves in the position where we had too much debate or too much comment on a bill or question before the Senate.

In much the same area, Senator Argue mentioned rule 34A. I have spoken to this before. Here is a rule that is not kept. Certainly, it is honoured far more in the breach than in the observance. The committee has amended it to give perhaps more latitude in quoting or referring to the proceedings of the other house.

As we all know, we use the device from time to time of saying, "I heard this in another place," or, "This was said in another place." We have sometimes fallen into the rather odd habit of saying, "in the other place," which, of course, is meaningless, because this is a definite reference to the House of Commons. The phrase originated in the British House of Commons to get around this very rule in the case where the member speaking was obviously quoting and he was asked what he was quoting from and he would say, "I heard it in *an* other place," and this somehow degenerated into "*the* other place."

● (1440)

It is obviously impossible for the Senate to discuss a bill without having before it the statement made by the minister on government policy and the intent of the bill. Very often it is the only place where anybody discussing a bill can find out what the bill means. It is true that we often have a statement here, sometimes a very short statement. However, usually such explanations assume that the material from the House of Commons is available to any senator.

I can see no reason why we should have the rule, even in its enlarged form, which is the suggested amendment to rule 34A. We will go on and on quoting exactly what was said in the other place in spite of the rule as it stands. As I have indicated before, I am in favour of either having no rules at all or keeping to the rules as they are.

Senator Argue commented on a group of paragraphs under rule 67 (1). He mentioned, referring only to the Standing Senate Committee on Foreign Affairs, that we have changed the rule. The present rule provides that "on motion all bills, messages, petitions, inquiries, papers and other matters" and so on, be referred to the appropriate committee. We have not, of course, been keeping this rule,

and it would be absurd to ask that all papers be referred to the appropriate committee. When the Leader of the Government has tabled documents, under the rules as they have existed, those papers would have to be referred to the appropriate committee. That is one of the reasons for the change.

I am aware of the danger that at times there might be difficulty in persuading the government or the sponsor of a bill to refer it to a committee. There was an instance of that here some time ago. I do not think the rule changes that situation much, because the normal practice is for Her Honour to ask: "When shall this bill be read a third time?" and then a motion is usually made that it be referred to a committee. We therefore already have the procedure to take care of any possible loophole. On the other hand, if a majority in the Senate for any reason wishes to refuse to send a bill to a committee, that is the end of it, the majority will so decide.

Senator Flynn: Closure.

Senator Grosart: I am not suggesting that a majority would always be on the government side, but it is most likely it would be. If ever a non-government majority in this Senate made a major decision on government policy, I think it would begin the revival of consideration of necessary reform of the Senate.

Senator Argue had some problem with the rights of select committees to engage in innovations that are inconsistent with the rules, practices and procedures of the Senate. I would draw to his attention that the word is "inconsistent," which is not quite the same as saying "not consistent." "Inconsistent" suggests almost a deliberate difference; to be not consistent is not quite the same thing. This again, of course, would always be a matter for the Senate to decide. It is a rule that I think we all agree would be interpreted very liberally. Obviously the Senate must control the practices and procedures of its committees. I think the only point of this rule is to warn chairmen that any innovations they may make should not be clearly inconsistent with the procedures and practices of the Senate. Some years ago we had a ruling on that, with which I did not agree, but I do not think it involves the situation too much at the moment. Senator Argue quoted me as saying that in this connection I had said, "You cannot trust anybody." I would certainly repeat this immediately, because this is the basis of all rules of procedure and practice. If you could trust everybody you would not have any rules, not only in procedure and practice but in all our affairs. We have rules only because we cannot trust anybody, even the distinguished chairman of a committee.

Senator Greene: Are you speaking for your own party?

Senator Grosart: I am not speaking for any party. Did you ask if I was speaking for my party?

Senator Greene: I took it you were when you made the statement that you cannot trust anybody.

Senator Grosart: The honourable senator may be right. There may be some relevance in the fact that I belong to a political party which does not at the moment happen to form the Government of Canada. If he sees some relevance in my comment that you cannot trust anybody in that respect, I would not go out of my way to deny it.

Senator Argue also mentioned the subject of the adjournment of a debate. I find myself in agreement with him here, that the present practice is not one that we should condone. Perhaps I should say to Senator Argue that if my reading of the rules is correct, we do not have to condone it, because the motion is merely to adjourn the debate. Nothing in our rules says that any senator adjourning a debate has the right to prevent any other senator from speaking. When the subject comes up on the Order Paper before the Senate, the debate is merely adjourned. In the case Senator Argue was concerned about, there was nothing to stop him rising and saying, "I want to carry on the debate."

Senator Argue: That is what I did.

Senator Grosart: It may be said to be a practice or convention but it has no authority that I know of in the rules. We did discuss whether there should be a limitation, but I think we came back to the fact that if a senator adjourns the debate, any senator can rise when the subject comes up before us on the Order Paper in due course.

Those are my comments, honourable senators. I again say that I am glad Senator Argue spoke on this subject. Although I was a member of the committee and agreed in general with the recommendations, some of them were contrary to my suggestions, and others contrary to the suggestions of other senators. I agree that on the whole the chairman of the committee did an excellent job in arriving at a consensus of what at the moment is the best presentation of our rules, and he expressed the hope, as I do, that perhaps some consideration will be given to keeping them.

Senator McIlraith: Honourable senators, I wonder if Senator Grosart would permit a question arising out of his remarks?

Senator Grosart: Of course.

Senator McIlraith: When you were discussing the proposed rule 34A and that part of it permitting a senator to quote from a speech of a minister of the Crown in relation to government policy, you gave certain reasons why there should be that right to quote from such a speech. However, I note that the proposed rule does not provide for quoting the speech of, for example, the Leader of the Opposition in the other place in reply to a proposed bill, setting forth his alternative proposals dealing with the subject matter of the bill. How does the honourable senator reconcile being able to quote from the speech of the minister and not from the Opposition spokesman in opposing the bill and putting forward alternative proposals?

● (1450)

Senator Grosart: Actually, it is quite simple. I do not try to reconcile it because I believe it to be irreconcilable. The position I took in the committee was that there should be no restriction whatever on quoting from *Hansard* of the other place. The amended rule we have before us is a compromise. Compromises—and I think this is such a case—do not always make sense.

I agree entirely with Senator McIlraith that the present restriction to the effect that we can quote only a minister, and only quote him when he is discussing policy, just does not make any sense. We have long lived with rules that do not make any sense, and we will continue to live with a

[Senator Grosart.]

few. However, as I have said, our rules, in general, will now make much more sense than they did before the chairman brought in his report.

Senator McIlraith: Thank you.

Hon. Hartland de M. Molson: Honourable senators—

The Hon. the Speaker: Honourable senators, a motion that the house adopts the report of the committee is not a substantive motion. Senator Molson's motion is not a substantive motion and, according to our rules, he has no right of final reply. I am in the hands of the house, however, and if no objection is raised he may proceed with his remarks, and close the debate.

Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Molson: Honourable senators, this is not the first time I have been caught by the rules. I shall try to be brief.

I thank honourable senators for their various comments and suggestions, first of all, because they are right, of course, and, secondly, because their suggestions will be helpful in any further consideration of the rules. As we all know, rules are not a particularly popular subject. We would probably be happier if we had none. But, as I said earlier, they are rather necessary, and we could not really operate without them.

If I may, honourable senators, I should like to make a few comments on the points raised in the debate. I shall be as brief as I can.

In the first place, Senator McIlraith did not like the way the report was presented, and I understand exactly what he meant. From what he said I gathered he was more concerned that there should be a wide-ranging discussion or debate at this stage about possible reform of parliamentary procedure. I think the idea of such a discussion is excellent and I agree with him in that respect, but I cannot agree that the right moment for such a discussion is during the debate on a motion for the adoption of a report of the Rules Committee. In my opinion, the two subjects are completely separate. The committee is simply trying to tidy up the rule book so that we can, from day to day, deal with our sittings as effectively as possible. The reform of parliamentary procedure is a wide-ranging subject which needs ample time for full debate. In that respect I, for one, would be delighted to see Senator McIlraith introduce the subject by way of a formal motion.

Another quite valid suggestion by Senator McIlraith is that when a bill receives first reading, it would be of more help to the Senate than otherwise if the sponsor were to give his initial explanation at that point. We should consider that suggestion carefully, and see if it can be put into effect. Without giving it careful consideration I cannot, of course, simply agree with it absolutely and suggest that we make the change, but, at first glance, it would seem to make good sense. It would aid the understanding of honourable senators if the initial explanation were given when the bill is introduced.

Another point raised by Senator Argue and others had to do with the Internal Economy Committee's being empowered to deal with matters without reference. I feel that point has been met fully. It seems obvious to me that if a

committee is required to run the affairs of the Senate, its meetings and consideration of matters cannot be restricted solely to those times when matters are referred to it, because our sessions are far too short and time simply goes by. It must be a committee in being.

I found the discussion concerning the principle of a bill being "usually" debated on second reading interesting, in that for the first 90 years of the Canadian Parliament the word "usually" was in the rules. If you look at the 1952, 1964 and 1969 editions of the rule book you will see that word. It was taken out at the suggestion of a member of the Senate, and then after later discussion was reinstated. Actually, it was felt that the rule was not really a hard and fast rule, so "usually" reappears in this report. It is arguable, but I do not think it does the slightest harm.

In connection with rule 7, Senator Benidickson raised the question of whether the Senate was doing the wise thing in always meeting at two o'clock in the afternoon. In fact, the rule does not necessarily require the Senate to meet at two o'clock in the afternoon of each sitting day. The Senate is in its own hands as to when it will meet, because the rule states that the Senate will meet at two o'clock unless otherwise previously ordered. If the Deputy Leader of the Government moves that when the Senate adjourns today it do stand adjourned until 2.30 or 3.00 o'clock tomorrow afternoon, that matter is in the hands of the Senate, just as is everything else.

Unfortunately, the other day I made a rather mixed-up reply in connection with the matter of budgets and the report of the Internal Economy Committee. It is quite clear that the Internal Economy Committee, when dealing with any matter, is and always has been empowered to submit a report to the Senate. It submits a budget or a statement, but what it does not do is invite the Senate to go over those figures in detail. It submits the report and, as Senator Bourget pointed out, it gives an opportunity to any senator, who, for any reason, objects to some part of the report, to raise that objection at that point. In that way every member of the chamber has the opportunity to object to a financial matter which is the subject of a report of the Internal Economy Committee.

Let me turn to the remarks made by Senator Argue today. I found them very helpful and I am most grateful to him, not only for his kind words about our committee but also for the salient points he made with respect to matters in the report.

His first point, with respect to a debate not being permitted on an oral question, has been discussed already by Senator Grosart. Here we have to let practice and tradition have sway. The rule does state that a debate is not permitted on an oral question, but, as was mentioned, there have been many occasions on which, owing to the interest taken in a particular subject, we have proceeded rather out of order. On such occasions the matter seems to have been cleared up quite satisfactorily with considerable debate taking place, albeit against the rules, but with most pleasing results and with no objections from anyone in the chamber. I do not think the rule is going to affect that.

Senator Argue's next point was also raised by Senator McIlraith, namely, the question of quoting from *Hansard* of the other place. This rule is similar to one in the House of Lords, and, by tradition, it has existed in both the British

Parliament and the Canadian Parliament for a very long time. The fundamental reason is to avoid unnecessary conflict between the two chambers, and between individuals. A secondary purpose is to avoid the continuation of a debate of one house in the other house. In other words, in modern terminology, we do our own thing; we have our own debate. As Senator Grosart pointed out, the rule is for the purpose of discussing the government policy involved, without which we really cannot discuss the principle of a bill.

● (1500)

With regard to Senator McIlraith's point about the Leader of the Opposition not being included with the ministers, I would say there have to be exceptions to rules. If government policy was opposed in the Commons by the Leader of the Opposition, perhaps some senator would object to the quoting of his words in *Hansard*, although I doubt it. I am sure the speaker would be allowed to continue. As Senator McIlraith said the other day, very often policy is not discussed in the other place by the minister, but by his parliamentary secretary. When we speak about a policy statement by a minister, or a policy statement appearing in *Hansard* of the other place, there could be a fairly loose application. The Leader of the Opposition or a parliamentary secretary could be included under that heading. At least, there is no great danger of being called to order in the Senate.

Senator Argue referred to the question of a quorum at committee meetings. We are all well aware of the problems which exist, particularly those of the Opposition, in getting reasonable representation at any committee meeting. This rule, like all compromises, is the best we can do. So long as there is a quorum for the votes, we should let a committee carry on and hear evidence. I think the procedure is sound.

With regard to the point about committee procedures being indistinguishable from those in the chamber, there is no intention here of reducing the powers of, or the generation of ideas in, committees. If the Senate is to present a new image to the world, to do things differently and adopt new practices, any change should be decided here. We should all have a say in the matter. It is better to do it that way than have one committee do something that is perhaps original. Other committees would have to decide whether they want to do it in a similar way, or they may have reasons for not doing it. Any change in policy affecting our public image should be decided in the chamber. That is the objective of the rule.

I do not think I need comment on the tight-fisted attitude of the Chairman of the Internal Economy, Budgets and Administration Committee. Attention to the use of public moneys is a good quality to have in a chairman, and we hope he applies that same attention to his own affairs. The way that budgets have been submitted and handled is, I believe, satisfactory to both the members of the committee and the chairman.

Senator Argue raised a point about adjourning a motion and leaving it on the Order Paper with the definite intention of delay. I am not sure that we have any rule which fully covers that situation. All I would say is that if something arises which suggests that it is a proper subject for a new rule, or change of rule, and if a proposal is put to the Rules Committee, the committee will follow the proce-

ture it has followed in the last three years—that is, it will collate all suggestions and sooner or later will get around to seeing whether an improvement can be made. In that way I hope we shall reflect, to some extent, the wishes of all honourable senators.

May I add that it would certainly make the chairman and members of the committee extremely happy if, when the committee meets, all honourable senators who are not otherwise engaged were to attend and join in the discussion. It is much easier for the members of the committee to know in advance the views of their colleagues than to bring in a report and find that it is not in accord with the opinion of the majority. I remind the house that the purpose of the committee is to try to establish a set of rules which meets the wishes and views of the majority. It is the committee's intention to carry out the wishes of the Senate. It does not wish to impose its own views. It feels very much the obligation to provide the kind of rules which the Senate wants. The committee, as always, is completely in the hands of the Senate.

In conclusion, I should point out that when our rules seem too tight or too binding, we in the Senate can do anything we wish, provided we obtain leave. Over the years that has often been the way we have done things. It is rare that an honourable senator is refused leave after he

has submitted a reasonable request, and we may count on that continuing in the future.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Molson, seconded by the Honourable Senator Basha, that this report be now adopted.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and report adopted.

FOREIGN AFFAIRS

FINAL ACT OF HELSINKI CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE—INQUIRY STANDS

On the Inquiry of Senator Forsey:

That he will call the attention of the Senate to the Final Act of the Helsinki Conference on Security and Co-operation in Europe.

Senator Forsey: Honourable senators, in spite of what Senator Argue has said by way of criticism of people asking that items stand, I think at this hour of the afternoon, when there may be committees that are going to meet, it might be better if I asked to have this inquiry stand until a later date.

Inquiry stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 27, 1975

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

FEEDS ACT

BILL TO AMEND—COMMONS AMENDMENTS—CONSIDERATION
NEXT SITTING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-10, to amend the Feeds Act, and acquainting the Senate that they had passed the bill with the following amendments to which they desire the concurrence of the Senate:

Page 1, lines 20 and 21. Strike out lines 20 and 21 and substitute the following therefor:

"(c) for the purpose of preventing or correcting nutritional disorders of livestock;"

Page 3, line 6. Strike out line 6 and substitute the following therefor:

"10. (1) Every person who"

Page 3, lines 18 to 30. Strike out lines 18 to 30 and substitute the following therefor:

"(1.1) Where a corporation commits an offence under this Act or the Regulations, any director or officer of the corporation who authorizes or acquiesces in the offence or fails to exercise due diligence to prevent its commission is guilty of an offence and liable to the punishment provided for in subsection (1)."

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Langlois: Honourable senators, I move that these amendments be taken into consideration at the next sitting.

Motion agreed to.

KING GEORGE V CANCER FUND WINDING-UP BILL FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-76, to wind up The King George V Silver Jubilee Cancer Fund for Canada and to authorize the sale of the assets and securities of the Fund and to transfer the sale proceeds and the balance of moneys to the National Cancer Institute of Canada.

Bill read first time.

Senator Langlois moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Langlois tabled:

Statement showing Classification of Loans in Canadian Currency of the Chartered Banks of Canada as at September 30, 1975, pursuant to section 119(1) of the Bank Act, Chapter B-1, R.S.C., 1970.

Report of The Fisheries Research Board of Canada for the year ended December 31, 1974, pursuant to section 12 of the Fisheries Research Board Act, Chapter F-24, R.S.C., 1970.

Report of the Department of Transport for the fiscal year ended March 31, 1975, pursuant to section 34 of the Department of Transport Act, Chapter T-15, R.S.C., 1970.

Report of the Minister of Finance respecting Olympic coins for the six months ended September 30, 1975, pursuant to sections 13(1) and 13(3) of the Olympic (1976) Act, Chapter 31, Statutes of Canada, 1973-74.

Report of the Federal-Provincial Committee on Foreign Ownership of Land to the First Ministers, dated September 21, 1975.

Copy of the James Bay Agreement.

BUSINESS OF THE SENATE

Hon. Léopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, December 2, 1975, at 8 o'clock in the evening.

Honourable senators, before the question is put on the motion to adjourn, I should like to give the usual short summary on what we can expect for the next week. I shall deal first with the committees. On Tuesday the Standing Senate Committee on Banking, Trade and Commerce will sit at 9.30 a.m. and again at 2.30 p.m. That committee still has before it Bill C-2, to amend the Combines Investigation Act, and the subject matter of Bill C-60, the Bankruptcy Act, 1975. In addition, it is now working on the subject matter of Bill C-73, known as the prices and incomes bill.

● (1410)

The Standing Senate Committee on Legal and Constitutional Affairs will meet at 2.30 p.m. Tuesday to continue its consideration of the Green Paper on Members of Parliament and Conflict of Interest, and the Special Joint Committee on Employer-Employee Relations in the Public Service has called a meeting for 11 a.m. The Foreign Affairs Committee will meet on Tuesday at 2 p.m. to consider its report on Canada-United States relations. In addition, the Joint Committee on Regulations and other Statutory Instruments will meet at 8.30 p.m. on Tuesday.

On Wednesday, the Banking, Trade and Commerce Committee has scheduled a meeting for 9.30 a.m., and it is the intention of that committee to continue its sitting into the afternoon, if the Senate so agrees. Also on Wednesday, the Special Senate Committee on Science Policy will meet at 10 a.m.

On Thursday, the Banking, Trade and Commerce Committee will meet at 9.30 a.m., and the Foreign Affairs Committee is expected to meet, again on its report on Canada-United States relations, at the same hour. The Standing Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m., and the Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 3.30 p.m.

The Senate itself will proceed with consideration of the amendments made by the House of Commons to Bill S-10, to amend the Feeds Act, and with the second reading of Bill C-76, to wind up The King George V Silver Jubilee Cancer Fund for Canada. In addition, my information is that Bill C-73, the prices and incomes legislation, will be before the Senate when we meet on Tuesday evening. All senators are aware of the importance and urgency of Bill C-73, and in the light of this it may be necessary for the Senate to sit on Friday of next week, although no decision has been made in this respect. If the bill is before the Senate early next week, we shall announce the Friday sitting so that honourable senators will be in a position to make the necessary arrangements. In addition to the foregoing, it is expected that two or three other bills will be referred to us from the House of Commons next week.

Before resuming my seat, I should like to point out the importance of as many senators as possible being present on Tuesday so that none of the committees scheduled to sit that day will be short a quorum. It was decided not to convene the Senate Tuesday afternoon because there are three committee meetings scheduled for Tuesday, and it is impossible to get sufficient reporting staff to cover three committee meetings and the Senate itself at the same time. I hope all senators will bear in mind the heavy schedule for next week in making arrangements for their attendance here.

Senator Flynn: Honourable senators, the only point I want to question the Deputy Leader of the Government on is the possibility of sitting next Friday in the event that we have Bill C-73 before us. I hope it is not the view of those on the other side of the house that if Bill C-73 should come to us next week it should be passed by Friday.

Senator Langlois: No, not at all.

Senator Grosart: Honourable senators, perhaps it would be in order to compliment the reporting staff on having found it impossible to cover three committee meetings at the same time. The reporting staff appears to have been able to accomplish what the Senate itself could not.

Senator Langlois: Three committee meetings as well as the Senate sitting.

Motion agreed to.

[Senator Langlois.]

POST OFFICE

STRIKE OF CANADIAN UNION OF POSTAL WORKERS— QUESTION AND ANSWER

Senator Flynn: Honourable senators, has the Deputy Leader of the Government any report on the number of postal employees who have returned to work or, perhaps, on the final settlement of this strike?

Senator Langlois: Honourable senators, I was waiting to see whether there were any questions to be put to me before giving the report on the postal situation, which I can now do.

The erosion of the CUPW position across the country, especially in the Metro Toronto area, continues to grow today as nearly 2,700 employees, representing 12 per cent of the inside workers, are on the job. This is an increase of almost 200 workers since Wednesday.

Metro Toronto District today reports 1,100 CUPW staff on the job in the last 24 hours, in contrast to Wednesday's figure of nearly 1,000. Toronto also reports that a tractor-trailer containing some 900 bags of parcel post destined for Ottawa was dispatched this morning via regular contractor.

About 20 pickets manned a line at the Downsview office last night—they were not Downsview employees—and were harassing workers entering the plant.

Western Canada CUPW union leaders reportedly are meeting today in Calgary to assess the Western Region situation. Calgary is planning letter carrier delivery on Friday. In British Columbia, charges of assault against CUPW pickets have been laid by an employee roughed up in an incident earlier this week. Further charges are pending.

There is nothing new to report on possible resumption of negotiations.

Senator Flynn: Is there anything in the rumour that there are only a few very narrow points remaining to be settled, and that if both sides were to really try a full settlement would be reached? That would, of course, be more desirable than a gradual improvement, which will take us to Easter, as was indicated by the Postmaster General some time ago.

Senator Langlois: As honourable senators will have read in the newspapers this morning, both sides are trying to limit the scope of the negotiations, which are possibly to be resumed. I have no definite official information in this respect.

Senator Flynn: Any hope?

Senator Langlois: I always hope. Where there is life there is hope.

Senator Grosart: It is a hopeful government.

AGRICULTURE

CROP INSURANCE PROGRAMS—MOTION FOR ADOPTION OF REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on crop insurance programs, which was presented Thursday, July 17, 1975.

Hon. Hazen Argue moved that the report be adopted.

He said: Honourable senators, I am pleased to move the adoption of this report on behalf of the Standing Senate Committee on Agriculture.

Senator Flynn: At long last.

Senator Argue: This is an interim report on the progress made by the committee in its study of crop insurance in Canada.

During the past year the committee has conducted a comprehensive study of crop insurance. On July 17 an interim report was tabled in the Senate, and printed as an appendix to *Hansard* of that day. I want now to outline briefly some of the main conclusions in that report, and inform the Senate of some of the progress that has been made in some provinces towards achieving acceptance of our recommendations. As a result of the work of the committee, improvement in crop insurance programs has been substantial.

Crop insurance is an important subject, and this is an important report. In view of this, I very much regret, on looking at the gallery, to see no member of the press present. Today, even the Canadian Press has failed to have a representative in the gallery. When senators are accused by the press of dereliction of duty, it should be noted that on this occasion the press has failed to show up for these important deliberations of the Senate.

● (1420)

In defence, they might say it was because of the weather that they could not make it, but the senators made it. They might also say in defence that the House of Commons is sitting, but that means that the committees of that house are not sitting, and having regard to the number of reporters I should think there are enough to cover one house, and still have enough left over to cover the deliberations of this chamber as well.

The Agriculture Committee met quite a number of times. It heard witnesses from New Brunswick, Nova Scotia, Prince Edward Island, Manitoba, Saskatchewan, and Alberta, and received a written representation from the Government of British Columbia.

There are some problems with crop insurance that the committee believes should be brought to the attention of the Senate, the federal and provincial governments, and the public, and about which the committee desires to make some recommendations. These include the variations between provincial programs, the rates of interest charged on the late payment of premiums, the existing spot loss coverage, and the lack of uniformity across provincial borders in respect of insurance programs for crops produced under similar conditions.

When the crop insurance agencies of Alberta, Prince Edward Island and New Brunswick appeared before the committee, they recommended that spot loss coverage be widened to meet the needs of farmers in their provinces. The spot loss option covers damage by a specific peril to a portion of the insured's crop regardless of whether production of that crop exceeds the guarantee or not. Without this type of coverage, farmers can experience severe losses and not receive compensation.

It was pointed out to us that there might be a partial flooding, by the overflowing of a river in the spring alongside crops that had been planted. A farmer might lose the

total production from 25 per cent of his acreage because of flooding, but because he had a good average crop, or a better than average crop, on the remaining 75 per cent of his acreage he received no payment at all.

The feeling expressed by the crop insurance spokesmen for many of the provinces was that spot loss, which prevails now for hail damage in many provinces, should be extended. The Alberta, Prince Edward Island and New Brunswick crop insurance agencies believe that the farmers in their provinces would be willing to purchase, indeed, are desirous of purchasing, spot loss coverage for other perils. The Alberta Hail and Crop Insurance Corporation recommended that coverage for damage due to excessive early flooding of creeks, rivers and lakes, where the area affected exceeds ten acres, for damage by insects for which no control technology is commercially available at the time of the outbreak, and for damage by wildlife, be included in the approved list. The New Brunswick Crop Insurance Commission recommended that damage to potato crops due to washouts and flooding be included.

I turn now to the variations in the programs and the coverage that is provided. The committee has given particular attention to this problem in relation to the Prairie region, but it recognizes that variations do exist in the Maritimes. It will be giving further attention to those problems in the Maritimes in future deliberations.

I should point out that for the 1975 crop year, there was a very large variation between the Prairie provinces in the price coverage available to farmers. For example, a farmer in Saskatchewan had the opportunity this year of insuring his wheat to a value of just \$2.25 a bushel. In Manitoba, a farmer had the opportunity of insuring his crop of wheat up to a maximum of \$2.75 a bushel, and in Alberta to a maximum of \$3.50 a bushel.

The variations are also great for oats—\$1.25 in Manitoba, \$1 in Saskatchewan and \$1.20 in Alberta. For barley, a farmer in Manitoba could insure up to \$1.75, in Saskatchewan up to \$1.40, and in Alberta up to \$2.

Since this is a federal-provincial program, obviously there was discrimination against farmers who live in my own province, Saskatchewan, and who were unable to have access to the same kinds of benefits which farmers receive in Alberta. Therefore, the committee recommended that within regions of similar soils, climate and production practices it is desirable that the producers of a crop should have access to crop insurance which is essentially the same, especially in the important areas of minimum and maximum coverage levels, premium discounts and dollar value options.

In discussing what has transpired since the committee's recommendations were published in July, I have had the opportunity to speak with Mr. Glenn M. Gorrell, the Director of the Crop Insurance Division of Agriculture Canada. Incidentally, I might say that Mr. Gorrell attended almost all of the committee meetings when we were dealing with crop insurance. On the couple of occasions when he was not able to be there himself, he had officials from his division in attendance. He and his staff were most helpful to the committee, and they cooperated in every way. I have a letter from Mr. Gorrell, addressed to me under date of November 21, 1975, and I should like to read one or two paragraphs from it:

As discussed earlier yesterday, there has been some progress towards standardizing coverages available under crop insurance programs on a regional basis.

Following the Report of the Standing Senate Committee on Agriculture, a joint meeting of the Board of Directors and senior management of Alberta, Saskatchewan and Manitoba, together with representatives of our office, was held in Regina in July.

That was in accordance with our recommendation.

There was a general consensus at this meeting that standardized programs could eliminate certain criticisms and a general movement to that end would be desirable.

The first step in this direction was a decision to set uniform maximum prices for insurable crops across the prairies. A table showing the prices proposed for 1976-77 in each of these provinces is attached. A move towards a more uniform penalty for late paid premiums was also initiated, and has resulted in Saskatchewan... moving the date of their first surcharge on unpaid premiums back to September 16 from August 16.

This meant that there was one month's grace between the time the discount was removed for early payment and the time the penalty came into effect for late payment. Up until then the discount had been on one day and the penalty on the following day. In his letter, Mr. Gorrell goes on to say:

It was also recognized that there were other areas where a greater degree of uniformity would be advantageous... I am confident that wherever possible future changes will take into account what is being done elsewhere.

A similar regional meeting was held... earlier this month with representatives of the Maritimes and of this office. Again there was general agreement that uniformity was desirable, but no positive results can be reported at this time.

● (1430)

Mr. Gorrell goes on to point out:

Saskatchewan is considering the introduction of a forage program similar to Manitoba's, and a program covering field peas. British Columbia is adding a program on alfalfa, but apart from these, I am not aware of any other significant additions...

A study of the re-insurance provisions of the crop insurance program—

This concerns another of the committee's recommendations.

—has been undertaken by this Division through the Department of Insurance. No conclusions have been reached to date.

I would be pleased to discuss specific aspects of any... program with you at your convenience.

I do not know if a statement of the changes that have been brought about with regard to the coming 1976 insurance programs on the Prairies is available to honourable senators, but I have here a table, given to me by Mr. Gorrell, and I would ask that it be included in *Hansard* at this point.

[Senator Argue.]

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

COMPARISON OF 1976 PRICES FOR INSURABLE CROPS—PRAIRIE PROVINCES

| Insurable Crop | High Price Option/Bushel | Low Price Option/Bushel | |
|--------------------------|-----------------------------|----------------------------|--------|
| MANITOBA | | | |
| Red Spring Wheat | \$ 3.00 | \$ 2.00 | |
| Durum Wheat | 3.00 | 2.00 | |
| Oats | 1.25 | 0.90 | |
| Barley | 2.00 | 1.25 | |
| Flax | 5.00 | 3.00 | |
| Fall Rye | 2.00 | 1.25 | |
| Rapeseed | 4.00 | 2.75 | |
| Mustard | 4.00 | 2.75 | |
| Sunflower | 0.08/lb. | 0.06/lb | |
| Buckwheat | 3.15 | 1.85 | |
| Field Peas | 3.75 | 2.20 | |
| Grain Corn | 3.15 | 2.00 | |
| Mixed Grain | 1.75 | 1.00 | |
| Unseeded Acreage | 20.00/acre | 10.00/acre | |
| Forage | 1.20/cwt. | 0.80/cwt. | |
| Sugar Beets | 15.00/ton | 12.25/ton. | |
| Potatoes | 1.75/cwt. | 1.40/cwt. | |
| SASKATCHEWAN | | | |
| Spring Wheat | \$ 3.00 | \$ 2.25 | |
| Durum Wheat | 3.00 | 2.25 | |
| Utility Wheat | 2.75 | 2.00 | |
| Oats | 1.25 | 1.00 | |
| Barley | 1.80 | 1.25 | |
| Fall Rye | 2.00 | 1.40 | |
| Flax | 5.00 | 3.50 | |
| Rapeseed | 4.00 | 3.00 | |
| Mustard | 4.00 | 3.00 | |
| Sunflowers | 0.08/lb. | 0.06/lb. | |
| Unseeded | | | |
| Summerfallow | 20.00/acre coverage | | |
| ALBERTA | | | |
| Winter Wheat | \$3.00 | \$2.50 | \$1.50 |
| Spring Wheat & Durum | 3.00 | 2.50 | 1.50 |
| Utility Wheat | 3.00 | 2.50 | 1.50 |
| Oats | 1.25 | .90 | .60 |
| Barley | 2.00 | 1.40 | .80 |
| Fall Rye & Spring Rye | 2.00 | 1.50 | 1.00 |
| Flax | 5.00 | 3.00 | 2.00 |
| Rapeseed | 4.00 | 3.00 | 2.00 |
| Mustard | 4.00 | 3.00 | 2.00 |
| Mixed Grain | 1.75 | 1.10 | .70 |

Senator Argue: As I have said, the committee's recommendations have resulted in some very important changes

to date. The table shows that farmers in Saskatchewan, Manitoba and Alberta can insure wheat up to \$3 per bushel, oats up to \$1.25 per bushel, and barley up to \$2 per bushel in Alberta and Manitoba and up to \$1.80 per bushel in Saskatchewan. Generally, these are substantial improvements in the program. Some further studies are being undertaken by the department in Ottawa and by provincial boards. The new programs being offered in Manitoba, Saskatchewan and Alberta, which are almost identical, constitute, particularly for farmers on the Prairies, a substantial improvement in such programs.

Honourable senators, in summary I would like to say how pleased I am that as a direct result of this recommendation, crop insurance programs on the Prairies have been standardized. In particular, in Manitoba and Saskatchewan a very significant increase in coverage will be offered to farmers in the 1976 programs.

As a result of the committee's recommendation that joint meetings of boards of directors of crop insurance agencies be held from time to time, a joint meeting of the boards from the Prairie provinces has been held, and a joint meeting of the boards from the Maritime provinces has also taken place.

The committee found that penalties for late payment of premiums were, in some provinces, much too high, and recommended a reduction in such penalties. Some progress towards this reduction has taken place.

This study of crop insurance by the Standing Senate Committee on Agriculture is already a success story, since as a result it has achieved millions of dollars' worth of increased crop insurance coverage for Canadian farmers. I feel confident that the continuing work of the committee will assist in achieving many further improvements in this field.

Hon. Allister Grosart: Honourable senators, in the unavoidable absence of the head of our Opposition bureau of agricultural expertise, perhaps I might be permitted to make certain comments.

Senator Bourget: You sound like Paul Martin.

Senator Grosart: This is the second time in two days that I have had occasion to agree with, and compliment, Senator Argue. I do not know whether this indicates a new role of his in the Senate, or increasing tolerance on my part.

Senator Forsey: Have you got a light in the window for him?

Senator Argue: I am not making any more moves.

Senator Grosart: I think it should be said that Senator Argue has introduced what is something of an innovation, although not entirely. This report was presented to the Senate for consideration on July 17, and in moving the adoption of the report today Senator Argue has been able to give us, particularly because of the delay since the report was presented, an indication of the degree of implementation that has been taken of the committee's recommendations.

I am sure that honourable senators are particularly concerned with this aspect of the work we do in committees and in the Senate. It is certainly refreshing to hear a report that the work of a Senate committee has resulted in the

kind of implementation that Senator Argue has indicated, making available some millions of dollars' worth of insurance to farmers. It is not very often that we get this kind of report from a committee, and I suggest that it would be very much in our interest to have more such reports presented to us.

We had a similar report, also in great detail, from Senator Croll's Committee on Poverty, and my recollection is that we had a similar type of report from Senator Lamontagne on the work of his Science Policy Committee.

I would hope that this might become the practice here, that if the adoption of a report is not moved immediately after it has been presented by a particular committee, at some time thereafter the chairman of that committee might take the opportunity to report to us on the degree of implementation of recommendations made. In some cases this degree might not be very high, but even then it is information that we should have. If we were to find out that the hard work done by Senate committees was not having any effect on government policies, that might be just as useful information to have as to know that the recommendations have received favourable consideration and have been implemented. I think Senator Lamontagne might have something to say in the near future with regard to a similar innovation he is working on in his committee.

On motion of Senator Michaud, debate adjourned.

FOREIGN AFFAIRS

FINAL ACT OF HELSINKI CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE—DEBATE ADJOURNED

Hon. Eugene A. Forsey rose pursuant to notice:

That he will call the attention of the Senate to the Final Act of the Helsinki Conference on Security and Co-operation in Europe.

He said: Honourable senators, I don't think that I have previously addressed the house on any subject connected with external affairs. It is not a subject on which I feel myself, in general, very well informed, and I do not like to trouble the chamber with superficial and amateurish observations on matters which I have not had some occasion to give some study to. But this question of the Helsinki declaration is one where I think even a person who can make no claim to expert knowledge in foreign affairs may have something useful to say.

As far as I know, honourable senators, the declaration has not yet been tabled in either house. I understand that it is the intention of the Secretary of State for External Affairs to make a statement on the subject, but this apparently has been postponed. It might have been advisable for me to wait until that statement had been made although I might have found myself, I suppose, up against the rule against quoting from observations in the other place—in another place. I beg pardon for the lapse. However, honourable senators, the opportunity to speak on this may not present itself very soon again, so I decided I had better go ahead this afternoon while I had the chance.

In a good many quarters the Helsinki declaration has been received rather at face value as having produced something substantial on the subject of security and co-

operation in Europe. I am afraid that on this I must confess myself to be, in the words of an old gentleman I met one time on a ship going to Leningrad, something of an old "septic". I am a bit sceptical about the value of this declaration.

● (1440)

I have no desire to get into the position where I shall be accused of being a cold warrior or anything of that sort, but rather long experience of the domestic variety of communists and long observation of other varieties has led me to the regretful conclusion that he who sups with the communist, domestic or foreign, must have a very long spoon. I am inclined to think that in this instance the statesmen of the Western powers, supping with representatives of the Soviet Union and other powers in Eastern Europe, were insufficiently careful about the length of their spoons. Putting it another way, I am inclined to think that in some respects they may have been led up the garden path or, if you prefer a different metaphor still, they may have been sold a pig in a poke.

On the face of it, the thing looks nothing worse, shall we say, than a succession of amiable platitudes. On the face of it, it would appear that the communist states have had a certain change of mind on certain questions of considerable importance, notably human rights in various forms. On closer examination I am not so sure that this is so, and on closer examination I think there are several features of the Final Act of the Conference which deserve to be looked at rather closely.

In the first place, there is the provision in section III, which appears at page 79 of the document which I have before me, which I was able to obtain thanks to the kindness of Senator Yuzyk. Section III is headed: "Inviolability of frontiers," reading as follows:

The participating States regard as inviolable all one another's frontiers as well as the frontiers of all States in Europe and therefore they will refrain now and in the future from assaulting these frontiers.

Accordingly, they will also refrain from any demand for, or act of, seizure and usurpation of part or all of the territory of any participating State.

Well, nobody wants to suggest that frontiers should be assaulted; this is not in question. On the other hand, I think it is very dubious whether any Western government should put its signature to a document which talks about the inviolability of frontiers in Europe. A great many of those frontiers were established by force and their establishment has never yet been recognized by the Canadian government. I think it is a pity that our government put its signature to a document like this, which appears to recognize the inviolability of those frontiers.

Now, of course, the answer to that is that this is not a treaty, that it has no binding, legal force. In that case, one can only say that a great many other provisions of this, which are touted as having some value for the protection of human rights, also have no legal force because they are not part of a binding treaty. But the fact remains that we have got here the seal of the Western governments on the statement that the frontiers in Europe are inviolable. I think this is highly unfortunate and will increase the

[Senator Forsey]

despair which many refugees in our country feel about the frontiers in Eastern Europe in particular.

It is true, also, that there is provision later on for peaceful change in the matter of frontiers—rather, it is not later on, it is on the previous page, which appears to take some of the sting out of what I have been saying. This is under the heading: "Sovereign Equality"—section I of the declaration: "Sovereign equality, respect for the rights inherent in sovereignty." In paragraph 2 of that particular section you find that the participating states "consider that their frontiers can be changed, in accordance with international law, by peaceful means and by agreement."

Well, that is very nice. Of course, that is the only reasonable way in the modern world that they can be changed, the only acceptable way. But the fact remains that we have put our signature to this other section which talks about the inviolability of frontiers, and if we go then at some future date, when détente has progressed further, to the Soviet government and its allies and say, "What about changing some of these frontiers; what about doing something about the Baltic states?" which the Russians took forcible possession of, we shall be met with a bland smile and the statement, "Well, after all, we cannot agree on this; you have agreed not to assault the frontiers and we cannot make any agreement with you to change these frontiers," so we are completely stymied.

That is the first feature of this document which I think deserves attention. I think there is no question at all that this will strengthen the Soviet and other communist states' view that these frontiers are fixed and unalterable and now, in fact, the Western powers have accepted this, even though they have not signed something which gives it binding, legal force.

Then we have, of course, the remarks about self-determination in section VIII of this document, at page 81, very high-sounding phrases, headed by: "Equal rights and self-determination of peoples," as follows:

The participating States will respect the equal rights of peoples and their right to self-determination, acting at all times in conformity with the purposes and principles of the Charter of the United Nations and with the relevant norms of international law, including those relating to territorial integrity of States.

Well, it is very nice, of course, to have this principle restated; it is down already in the charter of the United Nations. Then it goes on:

By virtue of the principle of equal rights and self-determination of peoples, all peoples always have the right, in full freedom, to determine, when and as they wish, their internal and external political status, without external interference, and to pursue as they wish their political, economic, social and cultural development.

I hope that that may indicate repentance by the Soviet Union for what it did in Czechoslovakia, but I feel exceedingly doubtful. I hope it indicates at least that the Soviet Union will never repeat what it did in Czechoslovakia in 1968, but again I am doubtful.

Judging by what I read of the situation in Yugoslavia, for example, I gather that the people in Yugoslavia, or a considerable number of them, are also very doubtful about

whether this indicates a profound repentance on the part of the Soviet Union, or doubtful whether the Soviet Union would, in fact, refrain from interference if a certain situation arose in Yugoslavia after the death of the present president of that country. While I do not wish him any harm, nevertheless he has reached an age where he cannot count on any great prolongation of his physical existence. He is, I think, 82, or 83, and while there are many hale and hearty people of 82 and 83—some of them, perhaps, in this Senate, long may they flourish! My own mother-in-law is 103 and she shows every sign of going on indefinitely—nevertheless, when you get to that age you cannot really expect to go on very long. There is no certainty about it; no high probability and it is, indeed, perfectly possible that with the death of Marshal Tito there would be a situation in Yugoslavia fraught with danger, and a situation which would at least be tempting to the Soviet government and might tempt it to intervene there as it did in Czechoslovakia although, perhaps, by somewhat different means, because the physical possibilities of doing so would be more limited. As I say, I hope this indicates some kind of change of mind. I hope that it indicates that there will be no repetition of what happened in Czechoslovakia, but I have some doubts.

Then there are various sections dealing with internal affairs. I think you will find, for example, if you ever get hold of this document, that there is at page 83 an undertaking under the heading: "Matters related to giving effect to certain of the above Principles." You will find in the third paragraph an undertaking, or a declaration, that the participating states will do their best to:

—give effect and expression, by all the ways and forms which they consider appropriate, to the duty to refrain from the threat or use of force in their relations with one another.

The catch there, I think, is "by all the ways and forms which they consider appropriate". There are various phrases like this which are introduced into otherwise unexceptionable statements which give rise to doubts in my mind, at least, and, I think, in the minds of others as well and which I think ought to be drawn attention to.

● (1450)

Then there is, under the heading of "Exchange of observers", at page 86:

The inviting State will determine in each case the number of observers, the procedures and conditions of their participation, and give other information which it may consider useful.

Then, in the next paragraph:

The invitation will be given as far ahead as is conveniently possible through usual diplomatic channels.

Then we have, on the same page 1, under "Prior notification of major military movements":

Accordingly, the participating States recognize that they may, at their own discretion and with a view to contributing to confidence-building, notify their major military movements.

A little further on you have, under "Co-operation in the Field of Economics, of Science and Technology and of the Environment":

The participating States,

Taking into account the interests of the developing countries throughout the world—

And so on.

—reaffirming their will to co-operate for the achievement of the aims and objectives established by the appropriate bodies of the United Nations in the pertinent documents concerning development, it being understood that each participating State maintains the positions it has taken on them—

There is another qualifying phrase which will really take a good deal of the stuffing out of the apparent undertaking which has been given.

Then we come to the question of reunification of families and allied matters. This comes at pages 113 to 115 of the document, "Co-operation in Humanitarian and Other Fields":

The participating States,

Convinced that this co-operation should take place in full respect for the principles guiding relations among participating States as set forth in the relevant document,

Have adopted the following:

Then follows, under "Human Contacts":

The participating States—

And a series of what I think are referred to in the French legal language as "considéranrs"—"whereases", as we would say in English:

And conscious that the questions relevant hereto must be settled by the States concerned under mutually acceptable conditions.

That's another joker introduced into the thing.

In the next paragraph:

The participating States...

Make it their aim to facilitate freer movement and contacts, individually and collectively, whether privately or officially, among persons, institutions and organizations of the participating States, and to contribute to the solution of the humanitarian problems that arise in that connection.

That sounds nice enough as far as it goes.

Then we come to the next page:

In order to promote further development of contacts on the basis of family ties the participating States will favourably consider applications for travel with the purpose of allowing persons to enter or leave their territory temporarily, and on a regular basis if desired, in order to visit members of their families.

Well, some of you may have noticed some people at the top of the steps on the main walk here yesterday complaining of the attitude of the Rumanian government towards reunification of their families. Most of us, I imagine, received the document which I received—three letters from three of these people who have made repeated appeals to the Rumanian government that they be reunited with their families and be allowed to bring their wives and children out here, and they have met with a stony refusal. Deeds speak louder than words.

Under "Reunification of Families":

The participating States will deal . . . with applications in this field as expeditiously as possible.

On my one visit to Russia a great many years ago I discovered the interesting fact that the Russian expression for "immediately" is "se chas", this hour. This "expeditiously as possible" is very much in that category. It will be done as expeditiously as the various communist governments think possible; and judging from past experience, I should say that does not mean any exceeding of the speed limit.

Then you have, a little further down:

Persons whose applications for family reunification are granted may bring with them or ship their household and personal effects; to this end the participating States will use all possibilities provided by existing regulations.

That's a nice one too. You may have a perfect forest of regulations which amount to saying:

Mother, may I go in for a swim?

Yes, my darling daughter.

Hang your clothes on a hickory limb,

But don't go near the water.

That indeed might be a sub-heading for a great deal of discussion on this matter. A little further on, under "Travel for Personal or Professional Reasons," you have:

The participating States intend to facilitate wider travel by their citizens for personal or professional reasons and to this end they intend in particular:

—gradually to simplify—

"Gradually", observe; "se chas", this hour:

—gradually to simplify and to administer flexibly the procedures for exit and entry;

It might be interesting to have the observations of the Nobel prize winner, the academician Sakharov, if I have pronounced his name correctly, on that particular undertaking. It seems to have been honoured in his case rather in the breach than in the observance.

They also undertake to "endeavour gradually to lower, where necessary, the fees for visas and official travel documents." "Where necessary"—of course, they themselves will decide what the speed shall be and where there is any necessity for changing the existing regulations.

Then you find, a little further on, under "Improvement of Working Conditions for Journalists":

The participating States . . . intend in particular to:

—examine in a favourable spirit and within a suitable and reasonable time scale requests from journalists for visas.

And then they will:

—ease, on a basis of reciprocity, procedures for arranging travel by journalists of the participating States in the country where they are exercising their profession, and to provide progressively greater opportunities for such travel, subject to the observance of regulations relating to the existence of areas closed for security reasons.

And then they agree also to:

[Senator Forsey]

—ensure that requests by such journalists for such travel receive, in so far as possible, an expeditious response, taking into account the time scale of the request.

Then, over on the next page:

If an accredited journalist is expelled, he will be informed of the reasons for this act and may submit an application for re-examination of his case.

I think that pretty well sums up the comments which I should like to make on this. I have an enormous file of journalistic comments on this whole matter, but I shall not weary the Senate with those.

I want merely to quote one or two things from the very well-informed and very, I have found, over a long period of reading, reasonable, well-balanced London *Economist*. The issue of August 2, 1975 draws attention to some of the things I have already mentioned here, and it suggests that the Western statesmen have perhaps been unduly optimistic; that they have taken too much at their face value the undertakings which the communist states have given. They observe:

The process that has come to be called détente, which is really a period of east-west manoeuvring for advantage, opened in 1970. The first round, consisting of Herr Willy Brandt's 1970 treaties with Russia and Poland and the 1971 agreement about Berlin, was a clear success for the Russians: in return for accepting the status quo in the half-city of Berlin, they got Herr Brandt's acceptance of the status quo everywhere else in Europe east of the river Elbe. The second round, which has been centred on the security conference and the supposedly parallel negotiations in Vienna about cutting the Nato and Warsaw pact armies (and whatever happened to those?)—

The *Economist* asks that in parenthesis.

—has also gone well for Mr. Brezhnev. The third round is now starting. The hope that détente might yet begin to justify the optimists' original expectations depends on two theories about its possible long-term effects on Mr. Brezhnev's empire. They are the Gulliverisation theory, and the colanderisation one.

And the Gulliverisation theory is attributed to Mr. Henry Kissinger. It amounts to this: that any agreements, small agreements or large agreements, with the Soviet Union and its allies, even if they are very small, as most of them are likely to be, will gradually build up so that you will get a better feeling and you will get into a position where something more important may really be done, because the communist states will be getting more and more reasonable and sensible, and amenable to considerations which ordinarily appeal to Western states.

● (1500)

The *Economist* observes here:

But the trouble with the Gulliverisation theory is that it implies the Russians are gentlemen enough, having got their advantage in the present round of bargains, to return the compliment to the west in later rounds. It is very unlikely that they will; especially if, in the meantime, their economy and their military forces have grown stronger in relation to the west's partly as a result of the advantages they win now. It is far

likelier that they will digest what they are getting now and then bargain equally hard next time round. General de Gaulle said, correctly, that all states are "cold monsters", without gratitude or permanent obligations. The Soviet Union is no exception.

Then the colanderisation theory: this "looks a bit more promising," says *The Economist*, "but this too needs examining closely." It goes on:

This is the idea that the "visible boundary between the two social worlds"—Mr. Gromyko's phrase for the dividing line across Europe—has had a number of pinprick-sized holes opened in it by the security conference, and that these holes can now be enlarged by patient prodding. Perhaps they can, but an inspection of the human-rights-and-freedom-of-movement part of the Helsinki declaration suggest that it will be very hard going.

It observes on the subject of the procedures for exit:

Does that mean that a Pole or Hungarian—to take the two most liberal countries in eastern Europe—can one day count on being able to go on holiday in the west, without having to leave his children behind, as routinely as a westerner planning a holiday in the east?

And it winds up:

Those are the hard questions, and the Helsinki declaration provides no answers. The only way in which the west can try to insist on a measurably greater amount of human freedom in eastern Europe is to draw up its own tests of what it thinks ought to be happening. In June, 1977, the 35 countries meeting this week—

This was written, of course, in August.

—are due to start planning a further meeting to examine what the spirit of Helsinki has achieved between now and then. The non-communist countries should go to that further meeting prepared to ask just what the communist countries have done in each category of the freedom-of-movement section of this week's declaration.

That whole freedom-of-movement section, of course, was supposed to be the *quid pro quo* for the acceptance of the inviolability of frontiers.

How many people have been allowed to marry westerners? How far have the exit regulations been liberalised, and how many extra people have been able to visit the west as a result? How many extra western newspapers have been allowed into eastern Europe?

It goes on to say that the Western powers "should also bring to the meeting their own check-list of what they think the answers ought to be, and compare the results." I think that is wise advice. I hope it will be heeded by the Government of Canada when its representatives go to the follow-up meeting in June 1977.

Up to the present, as far as I have been able to gather from what I have read in the newspapers and what I have heard otherwise, the implementation of the freedom-of-movement parts of this Helsinki Declaration has not been very impressive, to put it mildly. I am sometimes accused of using extreme terms. I hope in this case I shall not be thought guilty of that vice. It has not been impressive. I am afraid I am very doubtful indeed of how much further implementation there will be that would deserve the title of "impressive."

I have merely sketched certain things here, honourable senators, by way of indicating that I think we should be very careful not to assume that the Helsinki Declaration will mean in fact all that it appears to say. I think we should be very careful to keep a close watch on the results, or lack of results. I think we should be very careful to make sure that when our government goes to the follow-up meeting it is thoroughly briefed on this subject, and that it takes a stand which will make it at least easier to get from the communist countries in a second, or third, or fourth, or whatever it may be, round something rather more specific, something rather more practical, something rather more significant, than it secured when it signed the Helsinki Declaration.

I think probably that other honourable senators more thoroughly informed than I will comment on this subject further. Indeed, that is one reason, in fact, why I wanted to raise it—so that other senators, such as my honourable friend, Senator Yuzyk, might be able to contribute from their vast knowledge and experience the insights which they have on this subject. I hope that I may have at least opened the door to something of that sort, and that honourable senators—those who are present and possibly even some who are not present but who may read the *Debates*, and other people who may read the *Debates*; even, perhaps, some of our absent friends, the journalists—may take some notice of the kinds of warnings, doubts, hesitations and fears that I have expressed this afternoon.

Senator Yuzyk: Honourable senators, I commend Senator Forsey for introducing this important topic for debate in the Senate. I do wish to speak on it and, therefore, I would like to adjourn this debate. However, I want to make it clear that I would first like to speak on Inquiry No. 1, the subject of which is the Twenty-first Annual Session of the North Atlantic Assembly. I am prepared to speak on that inquiry once Senator McDonald has introduced it, following which I am prepared to contribute to this debate.

For that reason, I am quite willing to yield to some other senator who may be interested in the meantime in continuing this debate, after having received due notice that I shall speak first on Inquiry No. 1.

On motion of Senator Yuzyk, debate adjourned.

The Senate adjourned until Tuesday, December 2, at 8 p.m.

THE SENATE

Tuesday, December 2, 1975

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

DECEMBER 2, 1975

Madam,

I have the honour to inform you that the Right Honourable Bora Laskin, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 2nd day of December at 8.00 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

The sitting was resumed.
The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Bora Laskin, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the statute law relating to income tax, (No. 2).

An Act to protect human health and the environment from substances that contaminate the environment.

An Act to provide for the payment of superannuation benefits to Lieutenant Governors.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

● (2010)

THE SENATE

CHRISTMAS DECORATIONS

The Hon. the Speaker: All honourable senators must have noticed the super Christmas tree adorning the Senate entrance. Again this year we are expressing our gratitude to the Honourable Senator Jean-Pierre Côté for his generous gift, and to the Senate staff for the decoration of the tree.

[Translation]

Honourable senators, we wish to thank most sincerely our colleague, Senator Jean-Pierre Côté, for this magnificent Christmas tree which will adorn the Senate entrance throughout the month of December.

We thank as well the Senate staff for helping with the decoration of the tree.

[English]

Hon. Senators: Hear, hear!

INVESTIGATIONS

QUESTION OF PRIVILEGE

Senator Desrousseaux: Honourable senators, I rise on a question of privilege. I should like to put on public record a Canadian Press report of November 28, 1975, respecting unjustified tactics used by a federal investigating agency. I will cite also related comments on what has been happening during these last few days in respect of investigations in Parliament.

The Supreme Court of Canada unanimously cleared Mr. W. W. Buchanan, who resigned as chairman of the Anti-Dumping Tribunal in 1972, of any wrongdoing. The investigation, and the way it was carried out, destroyed him as chairman of that tribunal, and he therefore resigned. Allegations had been made that he helped make a decision for

two companies with which he had done business in the past. I will refrain from any discussion of those involvements, but I will state that in discussing what had happened Chief Justice Laskin of the Supreme Court said that the federal investigation of Mr. Buchanan's records was a sordid and sloppy business. He said:

I resist the temptation to expatiate on the way in which the records were obtained from Buchanan... I say only unjustified tactics were used.

Chief Justice Laskin's criticism stems from the visit of the departmental examiner to Mr. Buchanan's office. I hope the Department of Justice and the Supreme Court of Canada will be requested to give their views on some of the procedures now in use, most recently in the Parliament of Canada, by departmental investigators. Normally investigations are made discreetly and, if warranted, accusations are made or indictments laid in the normal way, so that no innocent party is hurt. We have always prided ourselves that no one should be prejudged or made to appear guilty before a just trial is held. What happened appeared to some to be a trial by a kangaroo court—a political trial by the media.

More recently, we have seen, heard and read about investigations of certain persons, made in some cases in the presence of a whole retinue of press, radio and TV reporters, who somehow appeared to act as assistants to the investigators. Investigations have been conducted in such a way as to make the persons being investigated seem, in the minds of TV viewers and readers of newspapers, guilty of some wrongdoing. To some these investigations appeared to be political attacks, the goal being the destruction of certain personalities.

The procedures and methods used during parts of these inquiries were unorthodox. They incurred the displeasure of many. The investigations have been carried out in an unjust way, which has given the impression that a sort of kangaroo court is being set up, with the trial being staged by a biased press.

What is worse is the fact that the investigations were instigated by the very ones who should, at all times, stand above reproach, when it comes to law obedience and law enforcement. The only offence that the public saw was the manner in which our experienced investigators chose to do their work.

Considerable damage was done to those so investigated because the investigation was done by a federal police agency which had earned, and deserved, the respect of all law-abiding citizens of Canada, and on which we are accustomed to rely when it comes to fair play and justice. The objectionable scenario was given to the public in an investigation that should have been, at that moment, most discreet and fair. After all, none of the investigated had a dossier, and had not been charged, indicted or asked to appear before any court of law.

The investigations were made preparatory to recommendations as to whether or not someone should be indicted, and what charges should be laid. I did not think the way it was done was right or just, and it was with displeasure that I viewed the scenes on TV and the way they were presented.

To many who saw those scenes concerning these recent raids it appeared that the methods used, with the assistance of pressure press questioning and pressure publicity, were intended to destroy the reputation and the image of some of those visited before any charges or indictments were laid.

Who, in our federal police investigating agency, ordered these investigations conducted in such a way? Was it a political move, since it had deep political implications? Does the Department of Justice now intend to allow or support the use of such methods, and what is the department's policy on police searches with warrants within the Parliament Buildings? Why has the Department of Justice maintained silence?

Senator Flynn: Honourable senators, I must rise on a point of order. I have not been able to detect any question of privilege in what the honourable senator has said up to now. It may be that he has a problem to deal with which would be suitable as a notice of inquiry or one which he could submit to the Senate, but it is—

● (2020)

Senator Desruisseaux: Indeed not.

Senator Flynn: Would you resume your seat while I am objecting. It seems to me that if he wishes to deal with a problem like the one he has raised, this is not the way to do so. Are we to engage in a discussion as to the subject matter he has raised? He has attacked the RCMP. He has attacked the Department of National Revenue. I might be in sympathy with him in certain respects, but I very much doubt that the Senate is involved, or that any member of the Senate is involved, in what Senator Desruisseaux is discussing now.

This is not a matter of privilege; but under the guise of rising on a question of privilege Senator Desruisseaux is bringing in these matters, and that is entirely contrary to our rules and to the orderly procedure of the Senate. I object vehemently.

Senator Desruisseaux: I am sorry, but I have to say that I disagree with you on those points.

Senator Flynn: I will ask Madam Speaker to rule on the matter since my honourable friend has no reply to my point of order.

Senator Argue: He is making his reply. You should hear him out.

Senator Flynn: I will hear what he says, but I am quite sure he will simply continue to read from his speech.

Senator Desruisseaux: I expected something of this sort.

Senator Flynn: Not from me.

Senator Desruisseaux: To be very frank, I would say to the Leader of the Opposition that I have only a few more words to conclude my remarks. If he is agreeable I will finish; if not, and if the Senate judges that I have gone beyond the bounds of decency in my remarks—

Senator Flynn: It is not a question of decency at all.

Senator Desruisseaux: —I will stand corrected, and I will sit down. Honourable senators, I am in your hands.

Senator Argue: Honourable senators, I wonder if I might say something on the point of order.

There is a certain validity in what the Leader of the Opposition has said, although I think it is quite possible Senator Desruisseaux has been laying the groundwork for a point he will be making. I am not certain that what has been said up to now on the general question does, in fact, affect the Senate or an individual senator in a particular way. All that aside, I cannot help seeing Senator Desruisseaux's notes in front of me, and I must say that since he has put on the record 99 per cent of his question of privilege, it would be tidier if he were allowed to conclude his remarks.

Senator Smith (Colchester): That is a poor sort of answer.

Senator Asselin: Who decides these matters here—Her Honour the Speaker or Senator Argue?

Senator Argue: Surely I can rise on a point of order.

The Hon. the Speaker: Order. The question of privilege is not clearly apparent. Is the honourable senator asking a question of the government leader, or is he rising on a question of privilege? Unless the senator has leave to make a statement, perhaps he should resume his seat.

Senator Desruisseaux: I certainly have some questions to ask, but I did not wish to put them during the question period for the obvious reason that I am asking only for directions from the government.

Senator Flynn: That is a question, then. It should not be put at this time.

Senator Argue: Order. The Speaker is standing.

The Hon. the Speaker: Has the honourable senator leave?

Senator Flynn: If he wants to conclude, yes.

Senator Desruisseaux: I am sorry if I am offending anyone.

Senator Flynn: You are not offending anyone. You are offending the rules.

Senator Desruisseaux: I cannot understand what you are saying. Would you repeat it, please?

Senator Flynn: I said that you are not offending anyone. You are offending the rules. If you make a speech and I cannot reply because you are not complying with the rules, I must object.

Senator Desruisseaux: I realize that I could be somewhat near the borderline, but I should like to say that when one of us rises on a question of privilege, he is usually allowed to finish his remarks. Perhaps I am to blame here in not seeing what is the right thing to do.

Senator Grosart: Go ahead and finish.

Senator Desruisseaux: I have only two or three sentences left. When I finish you will understand what this is all about.

Senator Flynn: You should have stated your point at the beginning.

Senator Desruisseaux: One usually does not do that.

Senator Flynn: Go ahead.

[Senator Desruisseaux.]

Senator Desruisseaux: It might not be a pleasant thing to say, but I honestly thought that when the Chief Justice of Canada made these remarks, they did connect with what was happening with regard to the investigations in the Senate. That was my only purpose in bringing up the matter. I am not looking for a fight here.

I thank honourable senators for allowing me to proceed, because I will be very brief.

Senator Asselin: It is about time.

Senator Molson: Go ahead.

Senator Desruisseaux: Why has the Department of Justice maintained silence? Is it their intention to investigate or indict people with the assistance of the press, radio and TV reporters? May we be informed whether the Department of Justice intends to redress the damages caused unjustly to innocent people by this kind of publicity, and the resulting insinuations in the media?

Could an answer to these questions, or some kind of statement, be considered by the Leader of the Government? The present official view of these matters would be helpful to the public, not only in my province, where all those involved reside, but everywhere else in Canada.

Thank you very much.

Senator Flynn: I think Senator Desruisseaux has proven my point. Is anyone on the government side prepared to reply to these questions? This is not a question of privilege concerning the Senate, quite obviously. I don't know if Senator Desruisseaux was referring to a certain incident which took place in the Senate. I don't think he was. I listened to him very carefully and I believe he was actually referring to something that happened on the other side of this building, which is of no concern to us. If, however, he was referring to something that happened here, there is a motion before this house to consider what privileges and immunities we possess and what practices should be followed in circumstances resembling those described by Senator Desruisseaux. It is quite obvious that this matter should not have been raised as a question of privilege.

Some Hon. Senators: Order, order.

Senator Flynn: You have permitted Senator Desruisseaux to speak, and to put questions. I am helping the government side in this instance. I want to point out—

Senator Argue: On a question of privilege—

Senator Flynn: No, not on a question of privilege. If you want to bring up a point of order, all right.

Senator Argue: On a point of order, then.

Senator Flynn: All right. I will listen to you, then.

Senator Argue: My question of privilege is this—

Senator Flynn: No—point of order.

Senator Argue: If you want to hear me on a point of order, all right. I will proceed in that way. I understand that the point of order raised on Senator Desruisseaux's question of privilege was settled.

Senator Flynn: It was not.

Senator Argue: I do not see how Senator Flynn can raise a second point of order on something that Madam Speaker ruled on, after which the Senate, by leave—

Senator Smith (Colchester): Not by leave.

Senator Argue: —allowed Senator Desruisseaux to conclude his statement.

Senator Flynn: No, no.

Senator Argue: That is the way it happened. Now Senator Flynn is on a double point of order, and I think that is out of order.

Senator Flynn: If I may speak on Senator Argue's point of order, he said that the Chair had ruled. The Chair did not rule. The Chair decided to permit Senator Desruisseaux to conclude his remarks, which he did; but the Chair has not decided whether he had a valid question of privilege. Since the matter has been raised, and improperly, I think I was right in speaking to it just to point out how this matter was raised under the guise of a question of privilege when in fact it was not. Now, if nobody will allow me to reply to the question put by Senator Desruisseaux, I do not mind. I was simply trying to help the government side stand on its feet in this matter, but if the government side does not want my help, then you know what you can do.

● (2030)

Senator Petten: Honourable senators, I am making a note of what was said by Senator Desruisseaux and by the honourable Leader of the Opposition, and in the absence of my leader I will simply say that I shall see that it is brought to his attention at the earliest possible moment.

Senator Flynn: As an inquiry or as a question of privilege?

Senator Petten: We will debate that later, senator.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Lambert (Bellechasse) had been substituted for that of Mr. Dionne (Kamouraska) on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

DOCUMENTS TABLED

Senator Petten tabled:

Copies of Ordinances passed by the Council of the Yukon Territory at its 1974 Second Session, pursuant to section 20(1) of the Yukon Act, Chapter Y-2, R.S.C., 1970.

Report of the Minister of Industry, Trade and Commerce under the Corporations and Labour Unions Returns Act (Part II, Labour Unions) for the fiscal periods ended in 1973, pursuant to section 18(1) of the said Act, Chapter C-31, R.S.C., 1970.

Report of the Textile and Clothing Board, dated July 8, 1975, to the Minister of Industry, Trade and Com-

merce, pursuant to section 19 of the Textile and Clothing Board Act, Chapter 39, Statutes of Canada, 1970-71-72, respecting broadwoven filament rayon fabrics.

Report of the National Film Board of Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1975, pursuant to section 20(2) of the National Film Act, Chapter N-7, R.S.C., 1970.

Copies of the Final Act of the Conference on Security and Co-operation in Europe (CSCE), done at Helsinki, August 1, 1975, together with a statement thereon by the Secretary of State for External Affairs.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SIXTH REPORT OF STANDING JOINT COMMITTEE PRESENTED

Senator Côtteau, on behalf of Senator Forsey, Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, presented the sixth report of the committee as follows:

Tuesday, December 2, 1975.

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Sixth Report as follows:

In relation to its Orders of Reference dated Thursday, December 19, 1974: namely, "Guidelines for Motions for the Production of Papers" and "the subject-matter of Bill C-225, An Act respecting the right of the public to information concerning the public business";

Your Committee recommends that Members of the Committee, accompanied by the necessary supporting staff, be authorized to travel outside of Canada, namely, to Washington, D.C., U.S.A.

Respectfully submitted,

Eugene A. Forsey,
Joint Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Côtteau, for Senator Forsey, moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

TRANSPORTATION

AIR CANADA—QUESTION OF PRIVILEGE

Senator Norrie: Honourable senators, may I register a complaint at this time.

Senator Flynn: Is it a question of privilege?

Senator Norrie: I do not know; you tell me. I do not intend to get into an argument. It concerns the transportation services of Air Canada.

On flight 616 on November 28, en route from Ottawa at 10.35 a.m., arriving at Halifax at 1 p.m., we were not served a dinner until we complained, which was after 12.30 p.m. Upon inquiry, the stewardesses told us that the dinners

were put on the plane cold, and could not be heated in time for us to be served. They served us no coffee. One passenger, who is diabetic, needed his food desperately and was given orange juice. First-class passengers had hot dinners and coffee. After a while—perhaps 15 minutes—we were served a cool to luke-warm dinner, which was better than nothing. Until we complained no announcement was made with respect to the cold dinners, et cetera. The stewardesses blamed the personnel in the restaurant where the meals were prepared, or stored, in Ottawa. Sometimes as many as 20 meals for the passengers might be missing. Both Ottawa and Halifax are guilty in this respect.

On flight 627, on December 1, leaving Halifax at 8.30 p.m., Senator Inman and I had asked for pre-boarding and a wheelchair. Our assigned seats on the boarding passes were not suitable. I therefore returned to the counter to have them altered, where the officer in charge said that that did not matter, "Take any seat available." When pre-boarding was called, Senator Inman was taken to the door and told to wait until all had boarded, and then she would be taken on. I was told to go on at once. It is well that I did, because I found two empty seats in front and reserved them for us. Finally, Senator Inman was escorted on board. The young gentleman official at the door entertained her with ignorant, insulting comments about the Senate and senators. These gentlemen who work at government terminals should be made to keep their opinions to themselves, and told to express their feelings only at election times, when they can vote according to their choice.

FEEDS ACT

BILL TO AMEND—COMMONS AMENDMENTS—DEBATE ADJOURNED

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill S-10, to amend the Feeds Act.

Hon. Léopold Langlois moved that the amendments be concurred in.

He said: Honourable senators, I wish to give a brief explanation of these simple but substantial amendments to Bill S-10, as passed by the Senate on March 6, 1975. The first amendment, which is to clause 1, on page 1 of the bill, is to strike out lines 20 and 21 and substitute the following:

● (2040)

(c) for the purpose of preventing or correcting nutritional disorders of livestock;

This is a simple amendment, reverting to the original wording in the act. It merely modifies the wording without changing the meaning.

The second amendment is to clause 3:

Page 3, line 6. Strike out line 6 and substitute the following therefor: "10.(1) Every person who"

The amendment has the effect of striking out the adjective "natural" before the word "person," for the simple reason that under the Interpretation Act, a "person" includes both a physical or natural person and a legal person. Therefore there is no need to have the adjective "natural" before the word "person."

[Senator Norrie.]

The second amendment to the same clause strikes out lines 18 to 30 on page 3. The amendment strikes out subsections (1.1) and (1.2) which read as follows:

(1.1) Every corporation that contravenes any provision of this Act or the Regulations is guilty of an indictable offence.

(1.2) Where a corporation has been convicted of an offence under this Act, the chief executive officer of the corporation shall be presumed—

I underline the word "presumed".

—to be guilty of an offence under subsection 10(1) unless he establishes that the offence was committed without his knowledge or consent and that he exercised all due diligence to prevent its commission.

The amendment is consequential in part on the second amendment to which I referred earlier, when the adjective "natural" before the word "person," was struck out. It is not considered necessary to have a special disposition concerning corporations, because "person," as I explained, covers both physical and legal persons.

The second amendment is to strike out subsection (1.2) and substitute therefor the new subsection which reads:

(1.1) Where a corporation commits an offence under this Act or the Regulations, any director or officer of the corporation who authorizes or acquiesces in the offence or fails to exercise due diligence to prevent its commission is guilty of an offence and liable to the punishment provided for in subsection (1).

This amendment is more substantial in that it corrects what to my mind was a contravention of both the Canadian Bill of Rights and the long-established principle of justice that no one is presumed guilty until and unless so proven.

There was a presumption in the wording, as amended by the Senate, that an officer of a corporation contravening the act would be presumed guilty unless he proved or established that the offence was committed without his authorization or that he exercised due diligence to prevent its commission. It is a substantial and important amendment which had to be made to correct the faulty wording of the amendment passed by the Senate.

Honourable senators, for those reasons I commend the adoption of the amendments.

Senator Argue: Honourable senators, if no other senator wishes to speak at this time, I shall speak for a few moments and then move the adjournment of the debate.

Senator Greene was very active in our Agriculture Committee in promoting the initial amendments that went to the other place. I have some comments to make on what was done in the other place, but I think it would be better if I merely adjourned the debate for now.

On motion of Senator Argue, debate adjourned.

KING GEORGE V CANCER FUND WINDING-UP BILL SECOND READING

Hon. Ernest G. Côtteau moved the second reading of Bill C-76, to wind up The King George V Silver Jubilee

Cancer Fund for Canada and to authorize the sale of the assets and securities of the fund and to transfer the sale proceeds and the balance of moneys to the National Cancer Institute of Canada.

He said: Honourable senators, it is indeed an honour and a privilege for me to move second reading of this bill. It is the first time that I have taken part in a debate in this chamber on a public bill, and I am delighted to be able to do so in connection with this one.

Although the main purpose of the bill is to terminate the fund, it is, as I see it, an end brought about by the beginnings of others in the field of cancer research in this country, with the result that it has been largely supplanted in its original fund raising role, especially in its initial years after 1935. It must be a rare moment in the history of this country—indeed, it is an historic moment in the history of cancer research in this country—that this fund should now be wound up by an act of Parliament. In the light of the history of the fund, that is most appropriate.

How often, honourable senators, have we in this chamber had occasion to feel the presence, at the same time, of such distinguished Canadians as the Right Honourable Bora Laskin, the Chief Justice of Canada; the Right Honourable Pierre Elliott Trudeau, Prime Minister; the Honourable Robert L. Stanfield, Leader of Her Majesty's Loyal Opposition in the other place; and the Honourable Marc Lalonde, Minister of National Health and Welfare. I assume there is no rule of this chamber that would prevent those last three mentioned honourable gentlemen in particular from making their presence felt here today, albeit by mention in a bill which has come to us from the other place. They are, of course, acting in their personal capacities as trustees of this fund.

Honourable senators, Parliament has been asked by a number of truly great Canadians who are presently the trustees of the fund—namely, the four honourable gentlemen just mentioned, and Dr. W. A. MacLean, Chairman of the Canadian Medical Association Committee on Cancer; the late Dr. J. J. Lussier, a representative of the French Canadian Medical College; and J. W. Westaway, Esquire, Chairman of the Committee on Medical Scholarships of the Canadian Life Insurance Association—to enact appropriate legislation for the purpose of winding up the King George V Silver Jubilee Cancer Fund for Canada.

Bill C-76 would authorize the trustees to sell, under the supervision of the Deputy Minister of Finance, as honorary treasurer of the fund, the remaining assets of the fund, and payment of all such assets to the National Cancer Institute of Canada. There is a provision for termination of the trust after those assets have been paid over to the National Cancer Institute of Canada, and a provision that releases and discharges the trustees from their obligation under the trust deed.

● (2050)

I must say, I find it most appropriate that there be a preamble to Bill C-76 which briefly outlines the history of the fund. You will note from the preamble that His late Majesty King George V consented to the inauguration of

the fund to commemorate the twenty-fifth anniversary of his accession to the throne. It is said that his consent was in response to a request from His Excellency the then Governor General of Canada, Lord Bessborough. In actual fact, the fund was the inspiration of the Countess of Bessborough, the wife of the Governor General, although no doubt the Governor General made the official request to King George V.

Honourable senators, there is already on record in *House of Commons Debates* some interesting facts relating to this fund, and I refer to page 9484, November 26, 1975.

This fund had auspicious beginnings after 1934 when a public campaign for funds was launched. By December 31, 1938, \$463,533.22 had been contributed to the fund. Over the years since that date, grants have been made for the purpose of stimulating cancer research in this country. There were annual grants of \$14,000 to the Canadian Medical Association for the purposes of the trust.

After 1940, because of wartime circumstances, it was agreed between the trustees and the association that one-half of the annual grant would be paid by the association to the Canadian Society for the Control of Cancer, the name of which was changed in 1946 to that of the Canadian Cancer Society.

In 1946 the National Cancer Institute of Canada was incorporated as the coordinating agency in connection with cancer research, being representative of universities, agencies and organizations which are concerned with cancer research.

At their fifth meeting in February 1947, the trustees decided to make available to the newly formed National Cancer Institute financial assistance in the amount of \$450,000 in three annual instalments of \$150,000 each. Apart from the \$450,000, it was intended that the national needs of the institute would thereafter be met through moneys raised by the Canadian Cancer Society.

It is a matter of record that after 1937, The King George V Silver Jubilee Cancer Fund for Canada was largely supplanted in its fund-gathering role by the Canadian Cancer Society. The Chief Justice of Canada at the time, the late Sir Lyman Duff, as chairman of the trustees, was of the view that his position as Chief Justice of Canada made it impossible for him to continue to be associated with the fund if it continued to be associated with the collection of additional moneys.

There were one or two small bequests to the fund after 1937, and in 1951 our present Queen, the then Princess Elizabeth, donated the sum of \$7,000 to the fund. Apart from those amounts received, the main activity of the fund over the years since 1937 has been to make contributions to the National Cancer Institute of Canada.

Clause 10 of the trust deed reads as follows:

Until such time as the Trustees are satisfied that the mortality from cancer in Canada has been sufficiently reduced they shall always keep in their hands some residue of the trust moneys, so that the Fund may be kept alive and the work of the Trustees continued. If at any time the Trustees are satisfied that the mortality from cancer in Canada has been sufficiently reduced, the residue of the Trust Fund then in their hands shall be transferred by them to some other

charitable trust, the purposes of which are as nearly similar as may be to the purposes of the trust hereby created.

Because of that clause, the late W. L. Mackenzie King, when Prime Minister of Canada, is reported as believing, in the immediate postwar years, that the fund should be kept in being in case of some special need arising and should not be wound up. Following the seventh meeting of the trustees in 1949, no meeting was held until March 13, 1964. In the intervening years, or at least until 1960, very little happened in respect of the fund.

By December 31, 1958, the fund had on deposit a balance of \$92,540.57, and some concern was being expressed by the honorary officials that the trustees had not met since 1949. In 1960, the then Deputy Minister of Finance, as honorary treasurer of the Board of Trustees, expressed the view that he "would like to see the Fund wound up," but considered this inappropriate because of clause 10 of the trust deed which I have just read.

In respect of this, and clause 10 of the trust deed, the then Deputy Attorney General, as honorary solicitor to the Board of Trustees, in September 1960, expressed the following view:

It is within the powers of the Trustees to make the decision as to whether cancer mortality has been sufficiently reduced but their decision must, in my view, be on that question in order to conform with the Trust Deed. Clause 10 does not, for example, contemplate a power to wind-up the Fund on the ground that other competent agencies are active in this field. The word "sufficiently" is somewhat vague but would, I believe, relate to the need for assistance viewed in the light of the size of the cancer mortality rate.

The then Deputy Minister of Justice went on to say:

It is always possible to consider the enactment of appropriate legislation for the wind-up of the Fund.

I am told that the book value of the assets of the fund at this time stands at approximately \$62,000. It is to be noted that the bill requires the honorary treasurer, the Deputy Minister of Finance, to submit a report on the sale of the securities and assets of the fund to the trustees, and requires the Prime Minister to cause that report to be laid before Parliament within 15 days after the receipt thereof by the trustees or, if Parliament is not then sitting, on any of the first 15 days next thereafter that Parliament is sitting. Therefore, honourable senators, full particulars of the remaining assets of the trust and their disposition to the National Cancer Institute of Canada will be made available to us in this chamber as well as to the members of the other place.

It is obvious that the purchasing power of the fund in terms of aiding the cause of cancer research in this country has been significantly reduced over the years. It is a fact that in the decade from 1964 to 1974, there has been a need for the fund to liquidate capital assets from time to time in order to make its annual payment of \$10,000 to the National Cancer Institute. Therefore, when the trustees met in March of this year it was their unanimous view that the time had come to wind up the fund, and pay over the assets to the National Cancer Institute of Canada. Accordingly,

[Senator Côtteau]

the request was made to Parliament to enact the necessary legislation to enable the trustees to do so.

● (2100)

Honourable senators, I feel my remarks have been rather lengthy, but I thought it would be of some interest to you if I outlined some further historical particulars of the fund. A lot of good work has been done through the fund over the years, not just by the notable Canadians who are its trustees, but also by many other Canadians engaged in the field of cancer research in this country. Lady Bessborough's inspiration and her fond hope that mortality from cancer in this country and throughout the world would one day be sufficiently reduced has not yet been achieved in this year of Our Lord, 1975. One day, honourable senators, it will be.

This concludes my remarks on second reading of Bill C-76. Personally, I do not see a necessity of referring this bill to committee. However, if it is the wish of the house, and if the bill receives second reading, I shall be ready to move that it be placed in the hands of a committee for further study.

Hon. Paul Yuzyk: Honourable senators, I should like to commend Senator Côtteau for his clear explanation of this piece of legislation and the operation of the The King George V Silver Jubilee Cancer Fund.

Bill C-76, entitled "The King George V Cancer Fund Winding Up Act," was passed unanimously in the other chamber after a 20-minute debate in committee of the whole house. All parties endorsed the principle of the bill and the bill itself, which I feel sure will be the attitude in this chamber.

This is not a controversial measure. The King George V Silver Jubilee Cancer Fund was launched in 1934 during the depression years to raise funds on a national scale to promote cancer research, most of the money, about \$500,000, going to the Canadian Medical Association. It was at that time a successful effort, contributing substantially to progress in research and in combatting this killing disease.

However, there arose internal and legal complications that made the fund inoperative and inactive. The establishment of the Canadian Cancer Society as a public charitable organization, which from 1946 financed the National Cancer Institute of Canada, concerned with cancer research, proved to be a much better arrangement to expand work in this vital field. Consequently, it was decided—and I consider wisely—to wind up the original fund and transfer the residue of, I believe, \$62,000 to the National Cancer Institute. As has already been explained, this required the approval of Parliament by means of the bill now before us.

The King George V Silver Jubilee Cancer Fund has indeed performed a most useful service, which I am sure is greatly appreciated by all Canadians. It is recognized as the pioneer and the precursor of the larger and more successful activities which are apparent today. We pay tribute, therefore, to the Countess of Bessborough, the wife of the distinguished Governor General at that time, Sir Lyman Duff, Chief Justice of Canada and first chairman of the trustees, and to all the trustees and supporters of the fund. A tribute also goes to the medical officers and researchers who promoted the necessary research and edu-

cation, as well as to the Canadians who volunteered their services and gave financial support to this worthy cause.

This debate also affords an opportunity for this chamber to express gratitude to the members of the Canadian Cancer Society and the National Cancer Institute of Canada, as well as to all men and women across Canada who have volunteered their services and work in the struggle to bring under control, and eventually to eradicate, this disease that has caused untold sickness, misery and death to so many Canadians and sorrow to many families and close friends.

Honourable senators, this bill deserves speedy passage. It has the wholehearted support of the Opposition. I see no need to refer the bill to committee.

Senator Buckwold: Honourable senators, may I ask the honourable sponsor a question? In what form of security are the assets held at the present time?

Senator Cottreau: I am told the securities are in the form of investments and cash on hand.

Senator Buckwold: The reason for my question is that I should like to know, because of the depressed prices of securities, such as bonds and stocks—if that is what the fund is invested in—whether the net proceeds may be much less than they possibly could be at some later time. I am wondering whether any consideration has been given to transferring the investments to the National Cancer Institute, if that would in due course provide more funds. I pass this on as something that might be considered, although it may be too late.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Cottreau moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

THE SENATE

TELEVISION AND RADIO COVERAGE OF HOUSE AND COMMITTEE PROCEEDINGS—DEBATE CONTINUED

The Senate resumed from Wednesday, November 5, the debate on the inquiry of Senator Greene calling the attention of the Senate to the desirability of permitting complete television and radio coverage of the proceedings of the Senate and of the public proceedings of all Senate committees.

Hon. David A. Croll: Honourable senators, on November 5 Senator Greene rose pursuant to notice that he would call the attention of the Senate to this matter. I support his purpose and the substance of his remarks. He said he wanted the Senate to have greater exposure so as to impress its relevance upon the Canadian people. I am reminded of the TV advertisement of the Ford Motor Company: "The closer you look, the better we look." I am hoping that that will be the net result.

● (2110)

Senator Asselin: Not necessarily.

Senator Grosart: Not tonight.

Senator Croll: You are quite right.

In his interesting speech, Senator Greene said that if the public saw more of us they would have a greater appreciation of our talents and capacity, and of the quality of our contribution to the political life of the country.

In May 1972 the House of Commons adopted the following resolution:

That the question of radio and television broadcasting of the proceedings of the House and its committees, including the legal, procedural and technical aspects thereof, and the evidence collected by the committee during the past session in relation to these matters, be referred to the Standing Committee on Procedure and Organization.

I have had copies of the report of that committee distributed. It is one of the better reports that have been written on this subject. You will note that it was presented in 1972. Nothing quite as good has come out of the House of Commons or the Senate. As a matter of fact, this report is considered a textbook by people who are concerned with this matter.

Honourable senators, let me indicate what is contained in the report. The committee starts out by dealing with the pros and cons. They give reasoned arguments, going through the subject most thoroughly for some 15 or more paragraphs. They detail all the arguments that could possibly be thought of, and then they go into something that we know very little about, namely, the broadcasting of parliamentary proceedings in other jurisdictions—what is happening in the United States, New Zealand, Britain, Australia, Austria, West Germany, Denmark, Norway, Sweden, Finland and Holland, and also in Saskatchewan, Nova Scotia and Alberta.

You will be surprised to know that in the British Parliament, the House of Lords voted in favour of broadcasting, and the House of Commons voted against it. So, they are thinking about it.

In this report you will read of the experiences that these other jurisdictions have had. It is vital for us to understand what the problems are. The technical aspects in themselves are a great concern.

One paragraph discusses whether the televising should be done in colour, or in black and white. It is pointed out that colour television demands bright lights which generate a great amount of heat. The facilities for it are very expensive.

Senator Langlois: Red and blue would be better.

Senator Asselin: We would prefer blue.

Senator Croll: Of course, the big question is who is going to control it. Will it be controlled by the Speaker? Will it be controlled by the house? Will it be controlled by a committee of the house, or a committee of the Senate? These are all matters that need to be studied and considered.

Senator Rowe: Would the honourable senator permit a question? I am not sure what he means by "control." Would he elaborate a little on that?

Senator Croll: Yes, when I speak of "control" I am talking about—

Senator Choquette: "Control," in the event that we accept it. It has been a flop so far. We tried it once in relation to the committee proceedings on the marihuana legislation, and it was a flop.

Senator Langlois: Too much smoke.

Senator Croll: The matter of "control" embraces who will be responsible for the organization; who will be responsible for what is broadcast.

Senator Choquette: If and when.

Senator Croll: The question raised in the report, if you decide to proceed with it, is as to who will be responsible—will it be the television people who can pick up whatever they like and send it out, or will someone be appointed by the Senate to decide what should, or what should not, be broadcast?

Senator Molson: A good question.

Senator Croll: Or will bits and pieces be chosen, which may result in a distortion of the whole aspect of the proceedings? But that is a matter for discussion.

Senator Choquette: Who will jump in front of the cameras?

Senator Asselin: Do you mean that a committee of the house or a committee of the Senate might control the television broadcasting?

Senator Croll: What I very clearly said was that perhaps the first method would be direct control by the Speaker. The second method would be control by a committee specifically nominated for the purpose. This is what the House of Commons committee suggested.

Senator Grosart: To keep the cameras off the empty seats.

Senator Walker: It would be a great show tonight.

Senator Barrow: May I ask the honourable senator whether he considers "broadcasting" to cover both radio and television?

Senator Croll: I said radio and television. These matters are discussed in the report.

Then the aspects of law and privilege are dealt with. A member is protected by absolute privilege in respect of

anything he says in Parliament, and you would have thought that this protection would be extended to anything said in Parliament and simultaneously broadcast by radio or television. But that is not quite so. They had to pass special acts in Australia and Saskatchewan to cover broadcasting. The Law Clerk of the Senate questions whether privilege extends fully in broadcasting speeches made in the House of Commons or in the Senate. The question has already been studied in England and is still under consideration there.

Honourable senators, this is a very good report. It can be used for reference purposes and it will enable you to answer questions asked about the subject by constituents and other interested people. It was not my intention to go into the details of the report but to point out that it suggests that the House of Commons not proceed without consulting the Senate, and that it invite the Senate to cooperate with them in a joint undertaking in whatever they decide to do.

● (2120)

With that in mind I spoke to Senator Greene, suggesting that it is premature to proceed at this time. Moreover, there was a recent outline for the House of Commons reform presented by the Leader of the Government in the House of Commons in which he pointed out that in 1947 the government announced in the Speech from the Throne that the House of Commons would investigate the possibility of having permanent radio and television broadcasting of its proceedings. Well, I asked them over there what they intend to do now, and they say that they are not ready to go ahead with anything at the present time.

As I said, in the circumstances I spoke with Senator Greene and he agrees that for the time being the matter ought to be dropped. Unless someone else wishes to speak on it, the matter ought to be dropped for now. We can come back to it some time in the future when the House of Commons is ready to proceed. I have no idea when that might be, but that is what I suggest we do now.

On motion of Senator Asselin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 3, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Postmaster General respecting Olympic coins for the period ended September 30, 1975, pursuant to sections 13(2) and 13(3) of the Olympic (1976) Act, Chapter 31, Statutes of Canada, 1973-74.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today, Wednesday, December 3, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

KING JUAN CARLOS I OF SPAIN

ATTENDANCE OF SENATOR PERRAULT AT CORONATION

Senator Flynn: Honourable senators, I should like to welcome the Leader of the Government back to the house, and in doing so I would ask him whether he had a good trip to Spain.

Senator Perrault: Honourable senators, I appreciate very much the interest and concern in my visit to Spain demonstrated by the Leader of the Opposition. I have just returned from a most interesting and enjoyable brief official visit to Spain on the occasion of the coronation of King Juan Carlos I. It was a great pleasure for me to extend to His Majesty, to Her Majesty the Queen, and to members of the Spanish government, the very best wishes from all members of this chamber, all parties represented here—

Senator Flynn: And the government, of course.

Senator Perrault: —and, of course, the government—as Spain enters an interesting, important and perhaps even critical new phase in its history.

Regardless of events that may have occurred in the past in that country, it seems to me that this is a time for constructive initiatives on both sides. It appears to me that there may be countless new opportunities with the new government about to assume responsibility for the affairs of that nation. For example, an important trade show of Canadian consumer goods is now under way in a number of Spanish department stores. I am glad to report to the

house that it is an outstanding success. I was gratified to be able to visit that fair and to witness literally line-ups of Spanish citizens purchasing Canadian goods of all kinds, ranging from Pacific Coast canned salmon to lobster and crab packed at the other end of our nation—

Senator Flynn: That was at the bottom of the list, I suppose.

Senator Perrault: There were many other canned goods, housewares, including barbecue sets manufactured in Canada, as well as coats, shoes, and garments of all descriptions. I would like to mention as well that at the trade display the Spaniards appeared to be purchasing significant quantities of Canadian wine.

● (1410)

Senator Flynn: Oh, la, la. I can hardly believe that.

Senator Perrault: I assure the house that I saw this with my own eyes. The test, of course, will be if they—

Senator Walker: Survive.

Senator Perrault: —purchase additional quantities in the months to come.

Senator Flynn: Did you try it yourself?

Senator Perrault: At least we have encouraged them to taste test our improving Canadian wines, and that is quite important.

Senator Grosart: Perhaps they will be sending it back to us.

Senator Perrault: I was informed by Spanish government officials that they would like to expand their trade with Canada in several directions. I understand that Spain will purchase some \$180 million worth of Canadian goods this year—a significant increase over last year. As well as consumer goods, they seem to be interested in basic products such as pulp and paper and cellulose goods. In addition to Canadian technical know-how, I am encouraged that there appears to be a substantial opportunity for Canadian-Spanish trade in many goods and services—and, of course, trade must be a “two-way street.”

I believe, as I said earlier, that there are many opportunities at this important point in the history of the Spanish nation for new and constructive initiatives on the part of Canada and other nations.

FEEDS ACT

BILL TO AMEND—COMMONS AMENDMENTS—QUESTION AND ANSWER

Senator Argue: Honourable senators, as one method of welcoming the government leader back to the Senate, I should like to pose a question and ask him to take it as notice for his consideration and that of the government. As

the leader knows, the Commons amended Bill S-10 as it was passed by the Senate, and I wish now to refer to only one of those amendments.

The new section 10(1.1), as passed by the Senate, reads as follows:

Every corporation that contravenes any provision of this Act or the Regulations is guilty of an indictable offence.

As I understand it, if that provision became law, a judge finding a corporation guilty of an indictable offence would be able to set the fine at his discretion; in other words, the amount of the fine would be at the discretion of the court.

The thinking of the Standing Senate Committee on Agriculture and, I take it, of the Senate itself, was that if a large company made a profit of, say, \$1 million from some wrongdoing, that to impose a maximum fine of \$2,000 would be somewhat ridiculous. It was felt that the judge should have authority to set a fine commensurate with the misdemeanour.

When the bill came back from the House of Commons, this particular clause was deleted and the bill was amended to read:

10.(1) Every person—

Which is defined to mean both individuals and corporations, so that it could also read "every corporation". Thus, every corporation that contravenes any provision of this act or the regulations is guilty of an offence and is liable on conviction upon indictment to a fine not exceeding \$2,000.

I suggest that that is a bad amendment by the Commons, and I would like the Leader of the Government to consider its ramifications and see whether something can be done about it.

Senator Flynn: Is this a question of privilege?

Senator Argue: I would like to conclude, if I may. I am trying to lay the groundwork for something which the Leader of the Government, as a representative of the government, may want to consider.

Senator Flynn: You are trying hard.

Senator Argue: The Commons, by this suggested amendment, removed corporations from section 647 of the Criminal Code, which reads, in part:

... a corporation that is convicted of an offence is liable ...

(a) to be fined in an amount that is in the discretion of the court, where the offence is an indictable offence—

I would ask the government leader if he feels that the stand taken by the Senate, which was that a corporation found guilty of a major offence should have to pay a fine commensurate with that offence, is the right one. If he agrees, I would hope that he would help expedite a change along these lines both here and in the other place.

Senator Perrault: Honourable senators, Senator Argue has brought to the attention of the Senate some of his concerns respecting Bill S-10. He has asked the house to consider the merits of the remarks which he has made.

May I remind the honourable senator that he has adjourned the debate on the motion for concurrence in the

[Senator Argue.]

Commons amendments to Bill S-10. Perhaps it would be more in order for him to expand on his remarks when that debate is resumed, and at that time invite the views of other honourable senators. We can then consider the matter in detail.

Senator Flynn: Honourable senators, I rise on a point of order. I thought last night after I rose on the question of privilege raised by Senator Desruisseaux that Senator Argue would have understood the difference between a question of privilege and a matter for debate at the proper time. Apparently he has not yet learned.

Senator Argue: Well, I think my question was in order; in fact, I think it was perfectly in order. However, the Leader of the Government made a suggestion and I would like to reply to it, if I may.

Senator Flynn: In due course.

Senator Argue: The leader suggested that perhaps the best place to raise this point was during the adjourned debate and I just want to inform the house that I am not prepared to do that today.

Senator Flynn: Then adjourn it in due course.

Senator Argue: There is also a rule which says that a senator who has the floor may not be interrupted, and Senator Flynn interrupts more often than any other senator.

Senator Flynn: On a point of order, I should also say that a senator who is out of order should know enough to resume his seat.

Senator Perrault: Honourable senators, I understand the concern felt by Senator Argue about this matter, but I must concur with the view expressed by the Leader of the Opposition that there is a time and place for observations of the kind proposed by Senator Argue. In view of the fact that he moved the adjournment of the debate on Bill S-10, and will be given a full opportunity to express his views at a later time, I think at this time we should take his observations as notice of his intention to expand on them later.

Senator Argue: You took the words out of my mouth. I shall do so.

Senator Walker: That is as quick a switch as when you turned from NDP to Liberal.

KING GEORGE V CANCER FUND WINDING-UP BILL

THIRD READING

Senator Côtteau moved the third reading of Bill C-76, to wind up The King George V Silver Jubilee Cancer Fund for Canada and to authorize the sale of the assets and securities of the Fund and to transfer the sale proceeds and the balance of moneys to the National Cancer Institute of Canada.

Motion agreed to and bill read third time and passed.

FEEDS ACT

BILL TO AMEND—COMMONS AMENDMENTS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Langlois, seconded by the Honourable Senator Hayden, for concurrence in the amendments made by the House of Commons to the Bill S-10, intituled: "An Act to amend the Feeds Act".—(*Honourable Senator Argue*).

Senator Argue: Stand.

Senator Flynn: You have already made your speech.

Senator Argue: You told me to make it in due course and now you are changing your position. You are on both sides of the question.

Order Stands.

● (1420)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SIXTH REPORT OF STANDING JOINT COMMITTEE ADOPTED

The Senate proceeded to the consideration of the Sixth Report of the Standing Joint Committee on Regulations and other Statutory Instruments, which was presented yesterday.

Hon. Eugene A. Forsey moved that the report be adopted.

He said: Honourable senators, perhaps I should make a brief explanation.

As honourable senators are aware, the committee has under consideration by reference from an order of the other place the question of the guidelines in relation to the production of papers and the question of the secrecy of government information. In connection with this investigation we have already heard a considerable number of witnesses and the committee felt it was desirable to have information, as nearly as possible first-hand information, on the practice in other countries where that practice differs substantially from the practice in this country.

Two members of the committee, without expense to the committee I may add, visited Sweden in the course of the summer and procured a large amount of valuable information for us. In regard to Australia, we did our job of investigation there also very cheaply by means of Her Majesty's mails, and we have the results of that before us now in the form of documents kindly provided by the Australian government. In regard to the United States, it was felt desirable that members of the committee should go down to Washington for a couple of days to investigate the situation first-hand.

It is also hoped there to meet Mr. Ralph Nader and get information from him on how he feels their system is working down there. I should say in parenthesis that there is no intention of inviting Mr. Nader to offer any comments on the way we do things here, but simply to get information from him on the way they do things down there.

I believe the proposal is that nine members of the committee should make the trip. I am not anxious to make it myself, I may add, but the committee feels that it is essential that both chairmen should go. So I shall be an unwilling, a reluctant traveller next week.

The proposal is that we should go down on Tuesday morning and come back Thursday evening.

Motion agreed to and report adopted.

THE SENATE

TELEVISION AND RADIO COVERAGE OF HOUSE AND COMMITTEE PROCEEDINGS—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Greene calling the attention of the Senate to the desirability of permitting complete television and radio coverage of the proceedings of the Senate and of the public proceedings of all Senate committees.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I do not intend to give the views of the official Opposition on this motion, since we never met to consider thoroughly its merits. However, last night I heard my good friend Senator Croll state his opinion on the matter. I told myself that it belonged to Senator Croll to make such an intervention owing to the fact he dislikes the lack of communication from time to time with the written and spoken press.

Incidentally and seriously, we know that Senator Croll does not need to have the Senate proceedings televised to appear as a very popular senator with the media, because we know that he always has a broad smile and that he is outspoken. We can say, I think, that he is the star of the Senate with the written press and on television when the time comes to make his point; if he does not succeed in the Senate, he does it through the media.

Now I was not surprised when I heard Senator Croll explaining the advantages of televising Senate proceedings. I was nonetheless comforted to hear him say at the end that he had advised Senator Greene the motion was a little premature and ought to be dropped. It is certainly possible that Senator Croll had already foreseen that he would not obtain the unanimous consent of senators for the adoption of that motion. Nevertheless, I think a very serious problem has been facing Parliament for many years. I remember that during the twelve years I was in the House of Commons, the subject kept coming up every session, namely: what would be the advantages or disadvantages of direct radio or television coverage of parliamentary proceedings?

Last night, Senator Croll referred to a House of Commons study on the subject. Of course, the study is not new; a similar one had been done in 1947. When I was in the House, an unofficial committee also considered the matter, but the various parties represented in the House never did achieve consensus.

Not that we were against the idea in principle that parliamentary proceedings should be televised and directly reported, but we never could find a formula which could be acceptable both to the people responsible for this television or radio-broadcasting and to members of Parliament.

Of course, the problem was more acute. It was emphasized when the time came to decide whether we should accept this means of communication with the public, especially in connection with the people who are sitting in the other place, because they are elected. A single speech made in the House of Commons by an honourable member, and

aired as heard by the broadcasters, that is to say, in part only, could mean, after a few minutes, an end to the career of a member sitting in the other place. There are other shortcomings with which I could deal at length and which demonstrate that, from a practical point of view, broadcasting is impossible.

● (1430)

Is this possible here in the Senate? I will give you my own point of view, since I feel that the best way to get the Senate abolished is to permit television and radio coverage of our proceedings.

Some Hon. Senators: Hear, hear!

Senator Asselin: I think that Senator Croll, when he told us last night that this debate was premature, had certainly anticipated the people's reaction if we were to let the proceedings of the Senate be covered by television. It is not that our proceedings lack seriousness; that is not the point. The point is that Canadians, in general, do not understand the role of the Senate. They do not understand the importance of our proceedings. Have not the Leader of the Government and the Leader of the official Opposition drawn many times the attention of the press on the important work done during our sittings? What I say is fully justified since, at the end of every session, the Leader of the Government in the Senate has to hold a press conference to acquaint the journalists and the Canadian people generally with what the Senate did during the session. I say that at the present time the Canadian people do not understand, or do not want to understand, the important and efficient role of our institution in our parliamentary system.

To my mind, the time has come—and several senators have been repeating it for many a year—the time has come to set up a committee of the Senate to give it a new vocation, not that its present role is not useful. Naturally, there has been some emancipation throughout the years. The Senate was set up by a Constitution now grown old and old-fashioned. The Senate could surely play additional roles which would bring it closer to the Canadian people who would then understand better its duties and responsibilities.

If Senator Greene had that in mind when he introduced his motion, it might be a beginning, and give us the opportunity of reflecting on whether a reform of our institution might not be timely—not a partial reform such as the one recently suggested but an in-depth reform through which the Canadian people might become more interested in our work.

Yesterday Senator Croll said there should be a control board. I asked Senator Croll whether, in his mind, that control board would be composed either of members of the other place or of members of the Senate. I shall immediately say, and I take as witness Senator Goldenberg, that when the Senate authorized the broadcasting of the proceedings of the Senate Committee on Legal and Constitutional Affairs on the problem of drugs, if I am not mistaken the chairman of the committee could not do what he wanted, because the press and the television were already authorized to broadcast our hearings. We were even accused of hiding certain proceedings at that time, because the chairman of the committee wanted to hold a meeting *in camera* to examine some problems, and the press and the radio and television criticized us.

[Senator Asselin.]

Moreover, if we imposed a control board, they would say immediately that parliamentarians are again restricting the freedom of the press.

On the other hand, we cannot accept this means of communication of our proceedings without making a selection. We cannot allow radio and television people to select themselves and broadcast any proceedings. A selection should be made and to do this, we should establish a joint committee of the Senate and of the House of Commons including representatives of television with whom we could set up the conditions for broadcasting our proceedings.

As Senator Croll said, I think that this motion, although important in principle, is premature. Of course, the Canadian people have the right to know what is going on in Parliament. They are entitled to know entirely, not just partially. As I have just said, we cannot select only one aspect of our work and say: "This is what we are going to tell the Canadian people." This would be too dangerous a practice for the survival of this institution.

I believe Senator Croll—and for once I give him credit—was wise in saying that this motion is premature. I go along with this view. However, this does not mean we cannot set up a joint committee of the Senate and the House of Commons to consider this matter, because, some day, whether we want it or not, we shall be faced with a situation which we shall have to accept or clearly reject. Therefore, I agree with Senator Croll that the motion is too early but I urge the government leader to consider the matter of setting up a joint committee of the two houses, which may find a practical way to inform the Canadian people better about our work.

On motion of Senator Robichaud, debate adjourned.

[English]

● (1440)

THE HONOURABLE F. ELSIE INMAN

FELICITATIONS ON BIRTHDAY

Senator Norrie: Honourable senators, with the consent of the Senate I should like to make a statement.

The Hon. the Speaker: Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

Senator Asselin: Unless you want to revert to motions, or something like that.

Senator Norrie: No.

Senator Flynn: What is going on?

The Hon. the Speaker: The honourable senator wishes to make a statement.

Senator Choquette: A statement on what? What is the purpose?

Senator Norrie: If you wait a minute, I will tell you.

Senator Choquette: You must have consent first.

Senator Flynn: We should know what the statement is about.

Senator Norrie: It is a birthday greeting.

Senator Flynn: Very well.

Senator Norrie: I wish to call the attention of the Senate to the fact that our revered Senator Elsie Inman will be celebrating a birthday on Friday next, December 5.

Hon. Senators: Hear, hear!

Senator Norrie: Since she will be away on official business for the next few days, I wish to take this opportunity of wishing her a happy birthday. I am sure all honourable senators join me in wishing Senator Inman many years of happiness and good health.

Her vital interest and participation in the work of the Senate and in her beloved Prince Edward Island will, we know, claim her attention for years to come.

So, dear senator, happy birthday, and may God always hold you in the hollow of his hand.

Hon. Senators: Hear, hear!

NORTH ATLANTIC ASSEMBLY

TWENTY-FIRST ANNUAL SESSION, COPENHAGEN, DENMARK—
DEBATE ADJOURNED

Hon. A. Hamilton McDonald rose pursuant to notice:

That he will call the attention of the Senate to the Twenty-first Annual Session of the North Atlantic Assembly, held in Copenhagen, Denmark, from 21st to 26th September, 1975, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

He said: Honourable senators, I should like to join in the birthday greetings to Senator Inman. I know that all of us wish her a very happy birthday and hope that she will be with us for some time, and that we will have the benefit of her guidance and advice for years to come.

Honourable senators, this inquiry standing in my name has been on the Order Paper for some considerable time—as a matter of fact, since October 23 last. I only hope that this long delay would have the same effect as that of a long delay before the drinking of good Canadian wine.

● (1450)

This is, I think, the sixth time that I have had the opportunity to report to the Senate on meetings of the North Atlantic Assembly. For the period September 21 to 26 we met in Copenhagen, Denmark, and that is the end of my remarks as far as the travelogue is concerned.

This meeting was attended by a large Canadian delegation consisting of three members from the Senate and 17 members of the House of Commons, accompanied by a secretariat of three.

My remarks are going to be brief this afternoon on two counts. First, I am recovering from a sore throat; secondly, I have had five previous opportunities to discuss this matter, and I have noticed, as a result of the efforts that I have attempted to make on those previous occasions, that little or no—I think “no” is more accurate than “little”—attention has been paid by the press to any remarks in this

chamber or elsewhere on Parliament Hill with respect to the North Atlantic Assembly. Speeches that have been made both here and in the other place have had too little effect on government policy.

Senator Flynn: Try again.

Senator McDonald: A new format must be found for obtaining the views of Canadian members of Parliament who had the opportunity of attending the North Atlantic Assembly and its committee meetings. A new format has been established, in fact, because on November 25—that is, last week—a meeting was held by the Canadian branch of the North Atlantic Assembly which the Minister of National Defence, and, I understand, others, attended, on which occasion a report was given to the minister. Unfortunately, I was unable to attend that meeting. However, I think the proper format is for parliamentarians to report back to the people of Canada and to the Government of Canada if we hope to have a greater input into the policies that are followed by our government with respect to national defence, and especially with respect to our contribution as far as NATO is concerned.

This year, I was again a member of the military committee, and therefore my remarks today will be almost entirely confined to the military aspects of the North Atlantic Assembly. That is not to say that I do not recognize the important part played by the other standing committees, namely, the political committee, the committee on economics, the committee on science and technology, the committee on educational and cultural affairs, and the information committee. I know that all of these committees make a major contribution to the welfare of the North Atlantic Assembly, and they make a contribution towards the target which we are all aiming at, which is the maintenance of peace in western Europe in the future.

I think we all recognize that virtually every military move that is made has a political connotation. None of those moves can be made unless we have the wherewithal, namely, the money, to support them, so that the economic committee plays a very important role in making it possible for the military and political committees to do their job.

Science and technology are probably two of the most important elements in the development of new military equipment, and also in the sharing of science and technology between friends, not only in the military domain but in the total field of research and development. Of course, educational and cultural affairs and information are equally important in that, if we are going to have the support that is necessary from the general populace of those countries that are members of the North Atlantic Assembly, they must be informed and educated with respect to what NATO has been able to accomplish on behalf of the Western World, and what it hopes to accomplish in the years to come.

I repeat that I do not wish to downgrade any of the committees, but it is difficult, in the time at my disposal, to deal with all of them. To be honest and frank with you, I am not qualified to deal with committees that I have not had the opportunity of spending time with during their discussions.

In the past we have had, as a rule, at the North Atlantic assembly meetings in the fall of the year, three members of this chamber in attendance. It had been my hope that in the future we would be able to take five members of the Senate to the fall meetings of the North Atlantic Assembly.

Senator Flynn: Right!

Senator McDonald: That would provide us with enough representation to enable us to have one senator on each standing committee. I think this would have been worthwhile, and in the best interest of this chamber as well as in the best interest of Canadians generally.

My efforts in this regard, I understand, have been torpedoed, in that very recently a committee under the chairmanship of the Speakers of this chamber and the other place was set up to look into the number of Canadian delegates taking part in different parliamentary organizations travelling abroad. I note from the report of this committee that a recommendation has been made to the effect that each association be asked to agree that the maximum size of the delegation to an annual conference be determined on the basis of the number of votes it is allowed, plus officers or rapporteurs elected by their colleagues at international meetings, plus staff support. Supernumerary members of delegations should not be considered.

This, to me, means that we will not be able to send five delegates to the North Atlantic Assembly in the future, since the Canadian delegation is entitled to 12 votes. If the total Canadian delegation is confined to 12 and, in addition, those who have been elected by their peers as rapporteurs, then I am quite certain the Senate is not going to get five out of the 12.

I am sorry to have to report this to you. I am also sorry to have to report that there were no senators on the steering committee that was set up, and which brought in these recommendations. The steering committee was made up of Mr. Fairweather, Mr. Langlois, Mr. O'Connell and Mr. Trudel, all members of the other place. It seems to me that when decisions are made with respect to delegations, composed of members of both houses, to international meetings, and when decisions are made with respect to the provision of financing for those delegations by this chamber and by the other place, the Senate ought to be represented. I am not saying that we would have changed anything, but I do believe that we ought to have had representation on that steering committee. I regret very much that we were not able, because we were not represented, to put forward some of the ideas we have discussed previously in this chamber.

Senator Deschatelets: Is that the first year that the steering committee has had no Senate representation? How about previous years?

Senator McDonald: As far as I know, this is a new venture. The committee that was set up under the chairmanship of the two Speakers is a new one. This is not something that has been carried forward from activities of the past. It is an activity which was embarked upon this year, to my knowledge, for the first time, and it is the first time a decision has been made that the number of Canadian delegates is to be held down to the number of votes that the Canadian delegation is entitled to in the meetings

[Senator McDonald.]

abroad. This applies not only to the North Atlantic Treaty Organization but also to the Interparliamentary Union and to the Commonwealth Parliamentary Association, et cetera. So it is a new endeavour in that respect.

● (1500)

At this point I should like to refer to the first speech I made on this subject in the Senate. It was on November 6, 1969, and at page 122 of *Senate Hansard* I quoted from remarks Senator Aird had made on the same subject on December 17, 1968, as follows:

As Canada's distinguished former Prime Minister, Lester Pearson, pointed out during his current series of Reith Lectures over the BBC, the strength of NATO's conventional forces would not be sufficient to resist for long an attack by the much more numerous conventional forces of the Warsaw Pact nations.

And here Senator Aird quoted Mr. Pearson's words, as follows:

If NATO wished to defend itself against aggression from eastern Europe, it could not do so successfully at present by the use of conventional forces against the same kind of attack. It could only make its collective will prevail by the threat or the use of nuclear force, which would mean taking the responsibility for beginning a nuclear war and destroying both sides in the process.

I went on to say after that:

I agree entirely with that statement, with the exception of Mr. Pearson's last few words, that it would mean taking the responsibility for beginning a nuclear war.

I said that I did not think that was necessarily so. I said that at that time because in 1968 the strategic nuclear strength in Europe of the American forces and of NATO forces was about ten times that of the Warsaw Pact countries and the Soviet Union. That situation has changed and today the strategic nuclear forces in Europe are virtually in balance. I do not think we should talk about NATO nuclear forces or Warsaw Pact nuclear forces; it is more accurate to talk about the United States strategic nuclear forces and the Soviet Union strategic nuclear forces. I repeat that in 1968 we had a superiority of about ten to one, but today that has fallen to about one to one.

I should like to refer to a report prepared by Mr. Patrick Wall of the United Kingdom, the general rapporteur of the military committee. This report was presented to the meeting in Copenhagen last September. On page 20 of Patrick Wall's report he outlines the strategic nuclear weapons allowed under the May 26, 1972, SALT 1 Interim Agreement, and to indicate to you why I have come to the conclusion that we no longer have nuclear superiority in Europe—but we have balance—I want to put a few figures on the record.

Today the United States has 1,054 intercontinental ballistic missiles, and the Soviet Union has 1,618. SLBM's are nuclear weapons fired from submarines, and the United States has 656 of these missiles on 41 nuclear submarines, and the Soviet Union has 740 missiles on 48 modern nuclear submarines, making a grand total of ICBM's and SLBM's for the United States of 1,710 compared to 2,358 for the Soviet Union.

Under the SALT agreement the number of these missiles to be fired from nuclear submarines will be allowed to grow to the point where the United States will increase to 44 submarines with 710 nuclear weapons from 41 submarines with 656 weapons. The Soviet Union will be allowed to expand its fleet from 48 modern nuclear submarines to 62 with 950 nuclear weapons. One might say that this is beyond a balance of one to one in that the Soviet Union have a greater number than the United States, but from the information we have we are led to believe that the imbalance in numbers will be offset by the striking power and accuracy of the more sophisticated American system. Don't ask me to prove that, but this is the evidence that we have been given by people who, I presume, are in a position to know what they are talking about.

So, honourable senators, we can no longer rely on a strategic nuclear force for our defence in Europe. We can no longer say, "Well, our nuclear weapon is so much superior to yours that you dare not start a conventional war." We have to build a conventional force which is equivalent to that of the Soviet Union and her satellites, and if we do not, then in my view and in the view of virtually everyone I speak to who is knowledgeable in military matters we are inviting trouble—we are inviting war.

Again I want to refer to Mr. Wall's report and look for a moment at the relative positions of the Warsaw Pact nations and NATO as far as conventional men and materials are concerned. In Central Europe today there are about 620,000 NATO armed forces personnel. They are faced by about 910,000 Warsaw Pact troops, 610,000 of them being from the Soviet Union and the rest from satellite countries.

● (1510)

What equipment do they have at their disposal? Some people argue, for instance, that the tank is an obsolete weapon, that perhaps it has no place in the armaments of a modern conventional war machine. Well, the figures on the number of tanks under the command of the Warsaw Pact nations certainly do not indicate that they believe that the tank is an obsolete weapon. The Warsaw Pact nations in Central Europe have 20,000 tanks at their disposal, 12,400 of which are manned by Russians. They are opposed by only 7,000 tanks. Indeed, there is some argument in Canada as to whether our troops in Europe need tanks at all.

In view of the fact that we are outnumbered now three to one, I ask you whether or not it is logical to supply our men with modern tanks. So long as the potential enemy has tanks, we must have tanks in our forces if we are to defend ourselves against them. The fact that the Soviet Union and her allies have almost three tanks to every one we have does not mean, however, that we are actually outfought by three to one. I believe that the Yom Kippur war proved that point. It proved that the old Centurion tank, with which our Canadian forces in Europe are equipped and which the Israelis refitted with broader tracks, a night capability, a new engine and a new power train, was able to outfought the biggest tank that the Soviet Union has today. But in all probability a refitted Centurion is not as good a tank as the Leopard, the M60, the CB30, the French tank or many others. So I do not want anyone to think that we should throw up our arms in horror because our tanks over there are outnumbered three

to one. Nevertheless, the Canadian tanks ought to be replaced, and the sooner the better.

Again, in the same area of Central Europe the NATO forces have 165 light bombers. The Soviet Union and her allies have 250, of which 200 are manned by the U.S.S.R. Fighter ground attack aircraft: we have 1,250; the Soviet Union and her allies have 1,500, of which 1,100 are manned by Russians. Interceptors: we have 350; they have 2,100, of which 1,100 are manned by Soviet personnel. Reconnaissance aircraft: we have 275; the Warsaw Pact nations have 500, of which 350 are manned by Russians.

One can see, therefore, that not only have the Soviet Union and her allies grown to the point where they have at least equal power in terms of strategic nuclear weapons, but they have attained a vast superiority in terms of conventional weapons. It is my view that we in Canada must continue to play our part in supplying both manpower and modern equipment for the defence of freedom of the Western World.

Honourable senators, a year ago, on December 4, 1974, I made certain comments which are found at page 345 of *Hansard* for that date. I was talking about our troops in Europe and the fact that some of us had had the opportunity of visiting with our troops in Lahr and at the air wing at Baden. Let me read in part what I said:

Many Canadians are of the opinion that our troops are not sufficiently well equipped. In some respects, that is true, but in others it is not. Let us look at the Royal 22nd Regiment, the infantry battalion.

I will not repeat what I said a year ago. It is on record. But I think that by and large the same troops we had in Europe a year ago are there today. They have virtually the same equipment. Let me give you a quick rundown of it. The Royal 22nd Regiment are badly in need of rubber-tired vehicles, including everything from a jeep to a two-and-a-half tonner. Their vehicles ought to be replaced, and the sooner the better. The Royal Canadian Horse Artillery have excellent equipment. The Royal Canadian Dragoons, which is the armoured regiment, needs to have its tanks replaced.

A year ago I was of the opinion that perhaps the best thing we could do would be to refit our Centurion tanks in a manner similar to how the Israelis refitted theirs. That would have given us a pretty good capability into the mid-1980s. However, I have changed my mind during the last year. Rather than doing that, I think we ought to come to some arrangement with Germany so that Canadian troops, whether it be the Royal Canadian Dragoons or whoever replaces them as the armoured regiment, can use the Leopard tanks. Most of the troops in Europe today, apart from the Americans and the British, use the Leopard tank. There is little doubt that the Leopard tank is probably the best in the world. As a matter of fact, the great industrial nation to the south of us is at this moment wondering whether it should proceed with the design of a new tank or whether it would be further ahead to purchase the Leopard.

It is my hope that the Canadian Armed Forces in Europe can have their tank equipment replaced. If it is replaced, I hope it will be replaced by the Leopard. Moreover, I hope

we are able to purchase some Leopards which can be used for training purposes here in Canada.

The Canadian air group are flying the F-104, and a year ago the personnel flying that aircraft told me and others that they were happy with it. They admitted that it was coming to the end of its days, but they thought it would see them through several more years. Nevertheless, we are facing a horrendous expenditure when that aircraft is replaced by probably the F-16 or similar aircraft in the not too distant future. This is not nearly as pressing a problem, in my view, as the problem with respect to the tanks.

I am happy to have read, as all of us have, the announcement made in the last few days with respect to the re-equipping of our naval air arm with a new long-range patrol aircraft. There is no doubt that one of the major responsibilities of Canada is the defence of the sea lanes in the northern and western Atlantic. That was one of our major responsibilities in the last world conflict. It is a responsibility which we have not only in wartime but in peacetime as well. It is our responsibility not only as a member of NATO but as part of our own home defence. Our home defence is not only a military defence but is the need to protect our fishing and mineral and other developments that we hope will come in the offshores of this country.

Some people have complained that the purchase of the new long-range patrol aircraft, the Lockheed P-3 Orion, is a mistake. As a matter of fact, Charles Lynch has called it the "million dollar baby" and the "old crate." The only thing old about that article is the person who wrote it. Certainly the Orion is really a military version of the old Lockheed Electra, but the P-3 Orion is nonetheless recognized as probably the best long-range patrol aircraft in the world today. It is recognized as such and probably will continue to be so for the next 20 years. Some old crate! The price of each aircraft, fully equipped with ground support, will be \$53 million.

● (1520)

There is only one airplane in the world today that would cost more, and that is the new P-1 bomber to be built by the United States. It is an excellent aircraft. In my view, the ministry and the government deserve credit, and our congratulations and thanks, for having finally come to the conclusion to purchase it. I am convinced that it will do yeoman service in our role in NATO, not for a year or two, but for at least 20 years.

It is my hope that we will go on from this purchase to the purchase of other equipment. The Minister of Defence made the statement that over the next five years there will be 12 per cent real growth in each year, plus inflation, building up to the point where 20 per cent of our defence expenditures will be available for the purchase of new equipment.

Our main problem to date has been that we have had very little left out of our total budget to buy new military hardware. The government has now made a change. It has come forward with a program which, in my view, will meet the needs and wishes of the Canadian Armed Forces, and ought to meet the needs and wishes of the Canadian public generally.

[Senator McDonald.]

As I indicated earlier, we ought to buy the new Leopard tank rather than refit our Centurions. One of the reasons I have changed my mind on this matter is that if we refit the Centurion we will be the only force in Europe using it. In the event of a breakdown, you can look for help nowhere but your own maintenance base because no one else uses the Centurion tank in Europe. It seems to me that Canada should purchase the Leopard tank, because it is the type of tank being used by our allies in Europe. This, I admit, would be a large step, a very expensive step, but one which I think we should take.

One of the great problems confronting NATO is the variety of military equipment being used. For example, in Central Europe at the moment there are 23 different families of combat aircraft in use; seven different families of tanks; eight different families of personnel carriers; 22 different families of anti-tank weapons; 36 different types of fire control systems; eight different lines of air missile systems; six different anti-ship missiles; and over 20 different calibres of weapons of 30 millimeters or larger. Surely, all of us can understand the problems of logistics associated with a mixed bag of tricks such as the one I have just outlined.

Many people have come to the conclusion that the rationalization of our armaments in Europe would result in a 25 per cent saving on ground units, and a 30 per cent saving on air units. Those savings would be achieved simply by re-equipping the forces of the different member nations with the same equipment. However, every nation seems to have its own nationalistic views. Every nation wants to build airplanes, tanks, and weapons of one kind or another. If we can realize a 25 per cent saving as far as our land forces are concerned, and a 30 per cent saving as far as the air unit is concerned, through rationalization of our armaments, then I think it is time that all the member nations allowed these nationalistic views to take a back seat to a program of rationalization.

As honourable senators are aware, NATO has drawn a circle around a certain area of the world and has said, in effect, that it is responsible for that particular area and has little or no responsibility outside of that area. I want to indicate some of the problems—certainly, they are NATO's problems—that do not fall within that circle drawn on the map that I have just described.

Looking at a map of the world, it is not difficult to recognize that the first commodity a nation must have, not only in wartime, but in peacetime as well, a commodity without which you can do nothing, is oil. As I understand it, the supply of oil in Western Europe would last, in the event of a war breaking out, 30 days. This is a real problem when you consider that oil has to come from the Persian Gulf, down the Indian Ocean, around the Cape of Good Hope, up into the Atlantic Ocean, through the Bay of Biscay and into Europe. The problem we are faced with is how to defend those routes. The other alternative route, of course, is through the Suez Canal, down the Mediterranean and around Spain into Europe.

The British navy has virtually withdrawn from the Indian Ocean, and has a much smaller presence in the Mediterranean than ever before. This is offset, to some extent, by the re-equipment and rebuilding program of the Italian navy, as well as by the deployment of the French

navy in the Mediterranean. In my view, however, and in the view of those I have spoken to about this matter, the Mediterranean today is no longer an allied sea. The balance of U.S.S.R. forces and those of the Western World is about the same in the Mediterranean as it is for land forces in Central Europe. With the opening of the Suez Canal, Soviet naval forces can get to the Mediterranean Sea and the Indian Ocean much more rapidly. I am left wondering who is supposed to be looking after those sea routes from the oil fields in the Middle East to Western Europe.

We have very few bases left in the Indian Ocean. Yet we have member countries of NATO, through their delegates, complaining of the fact that the United States has military bases in Spain. I am glad that the United States has military bases in Spain. I hope she is able to keep them there. With the situation that prevails in Greece, in Turkey, in Cyprus, in Portugal, how could we rely on activities from any one of those areas for the defence of the sea routes across the Indian Ocean, around the Cape of Good Hope, up the African Coast and into Western Europe? I repeat, I am pleased that the United States has bases in Turkey, and elsewhere. I hope it retains those bases.

I am a little tired of hearing people criticizing South Africa. South Africa was a great ally of ours on two different occasions when we were called upon to fight a world war. They have a very strategic role to play in the defence of the sea routes of the world today.

● (1530)

This is not to say that I favour either the past government of Spain, or the present government of South Africa. There are many governments in this world that I do not agree with, but some of them are members of the North Atlantic Assembly. Although I do not like the type of government—that is not my business—I am prepared to cooperate with them, as well as with the United States, Spain, South Africa, and any other country that is prepared to share the responsibility for, and play a part in, the defence of the freedom of the world. Let us make no bones about that.

Some people have been writing letters to editors recently about what Canada's defence policy ought to be. I read one on October 28 last, written by a Dr. J. E. Keyston—now retired, thank God—who is living in Ottawa. He was for seven years vice-chairman of the Defence Research Board, and for six years NATO's director of armament and defence research. I am not going to read the article to you because I do not think it is worthy of it, but here is a man who suggests that Canada should not spend any money on NATO abroad. He suggests that all we should do is build up our ability to defend the Atlantic sea lanes and ourselves against any conventional weapons that the Soviet Union may use against us in peacetime. How in God's name are we going to use conventional weapons to defend the sea lanes in peacetime, and not get involved in a war? Furthermore, if Europe falls, what interest would we have in defending the sea lanes from here to Europe? Who are we going to trade with? Fortunately, this letter was answered by E. M. D. Leslie, a retired brigadier general.

Senator Asselin: Perhaps we should say thank God for that too.

Senator McDonald: I do not know, but at least his reasoning is more along my way of thinking than Dr. Keyston's.

I want to conclude my remarks by referring to an article that I happened to read this morning. This article was not written by a Canadian. It was written in Europe, and it reviews the capabilities of the troops from the member nations of NATO in Europe. I quote as follows:

For the present, though, the honor of being the best troops in Western Europe belongs hands down to the Canadians.

The article quotes General Michael Davison, Commander of the American Seventh Army and head of the Central Army Group that includes contingents from the United States, West Germany and Canada, as pointing out why he thinks Canadians are the best soldiers in Europe. He says that one of the reasons is that they are an all-volunteer force. Another is that the average age of the Canadian contingent in West Europe is somewhere between five and seven years greater than the average age of the European defence forces. He cites the pay of the Canadians as another reason. A single corporal living in barracks gets almost \$700 a month, which is the equivalent of the pay of 14 members of the French army. General Davison then goes on to talk about the number of our men, and the equipment they have.

There is no doubt in anyone's mind that the Canadians are the best soldiers in Europe, and have been for many years. In my view they are entitled to the best equipment that the world can provide, and I am happy, despite the fact that we are faced with problems of inflation—which we are taking steps to rectify—and despite economic setbacks, we have had the guts to spend a little more money on our armed forces.

Senator Grosart: Honourable senators, perhaps I might make a slight clarification in order to set Senator McDonald's mind at rest on the question of the subcommittee report that he referred to.

The background is that less than a year ago talks were begun between the two Speakers with the suggestion that an advisory council on interparliamentary affairs be set up, with the two Speakers themselves as joint chairmen. This was done, incidentally, in Her Honour's office a few months ago. There is no doubt whatever, therefore, that the Senate is fully advised as to the activities of that council and its subcommittee. However, I agree with Senator McDonald that it was most unfortunate that that particular subcommittee did not have among its membership a member of the Senate. I am quite sure that this was due to mere accident, because I happen to be a member of that council, which consists mainly of the chairmen of various interparliamentary associations and one or two others.

I am not sure that the report itself is a proper subject for discussion at this time, because it consists merely of some suggestions that have been made. That subcommittee has not even reported to the advisory council, so that any suggestions it may have put forward are not, as Senator McDonald seems to suggest, decisions that have already been made. There were no decisions made in the particular area that he mentioned.

I might also say that the report, in some respects, may be at variance with a resolution adopted some time ago by our own Internal Economy Committee, which said that the principle, as far as the sharing of costs of these interparliamentary associations is concerned—and that is a function of the Internal Economy Committee—would be to relate it directly to the number of delegates that the Senate has to the activities, and particularly the overseas activities, of any particular interparliamentary association.

Unfortunately, I was away at the time this subcommittee was set up, and I imagine that the other Senate member of the advisory council, Senator Macnaughton, may also have been away. That is probably how it happened that there was no senator on that committee. I emphasize, however, that its job—and I am sure Her Honour will agree with me—has been merely to look over the expenditures of all the interparliamentary associations, with the particular purpose of seeing if costs can be cut. Those costs are mounting very rapidly, not only with regard to the work of individual interparliamentary associations, but also as a result of the proliferation of interparliamentary associations, which is likely to continue at an accelerated pace in the next year or so.

The function of the subcommittee, therefore, was, first, to examine the adequacy or otherwise of the present expenditures of each interparliamentary association, and then to attempt to obtain some measure of co-ordination between the different types of expenditures and the different kinds of objects of expenditures of those various interparliamentary associations.

I should also like to say that the report to which Senator McDonald referred is, as I understand it, now before our own Internal Economy Committee, and I can assure him that to the best of my knowledge this subcommittee cannot tell the Senate what the level of its participation should be either with regard to delegates or with regard to the sharing of expenses. That is entirely a matter for the Senate itself to decide.

● (1540)

The Internal Economy Committee has suggested that the proper method of operation should be for each association to make a suggestion to the Senate as to what the Senate's share of the cost of its activities should be. Again, I say that any decision will be a decision of the Senate through its Internal Economy Committee, which consists of some 20 senators. I say that because Her Honour may have been involved—I believe she signed the presentation of this particular sub-committee's report to the Internal Economy Committee—and was probably not in a position, because of occupying the Chair, to make the explanation that I have made. I can assure Senator McDonald that his mind can be set at ease on this matter, because he, as a member of the Internal Economy Committee, will have a full opportunity to say whether this particular suggested participation by the Senate in the sharing of costs of the NATO delegation or any other interparliamentary association meets with his approval.

Senator Carter: Will Senator McDonald permit a question?

He gave us a rundown of the numbers of the various types of equipment on each side, that is to say on the NATO side and on the Warsaw Pact side, insofar as planes,

[Senator Grosart.]

tanks and other equipment was concerned. Do these figures include reserves? Is this front-line equipment, available almost immediately or within a reasonable time, and how do we stand with respect to reserves? That is my first question.

My second question is with respect to the Leopard tanks. In view of our economic situation and need for restraint in expenditures, would he give us his views on the possibility of being able to rent these tanks from the German government, possibly on some sort of hire-purchase basis, but initially on a rental basis?

Senator McDonald: Honourable senators, with respect to reserves, I should point out that when I was talking about the number of men involved—620,000 for NATO vis-à-vis 910,000 for the Warsaw Pact countries—I should have said that the 620,000 of the NATO forces do not include the French forces, which number some 50,000. I cannot say whether those forces are immediately available to NATO in the event of an attack or not. I presume these 50,000 French forces could be added to the 620,000 that I mentioned, but that is the only reserve included in these figures. Any other reserves, such as the national forces of either the NATO or Warsaw Pact countries, are not included. These are front-line personnel, and if the balloon goes up they are there and go into action.

As far as the Leopard tank is concerned, the last figure I have is that each one would cost in the neighbourhood of \$700,000. That is probably higher today because the version of the tank now available is a new one which marks a great improvement over the original.

I would like to refer to the remarks I made with respect to the statements made by Mr. Richardson concerning his budgeting. The budgeting plan for the next five years is for 12 per cent real growth each year plus inflation, building up to where they have 20 per cent of the budget available for new equipment. I do not have the arithmetic that makes it possible to say that we are going to be able to pay the cost of the long-range patrol aircraft and the other equipment we are going to buy, and that there will be enough left over to buy the Leopards. I do not know that, but I understand there is a possibility of our making some arrangement with Germany with respect to the Leopard—not a purchase agreement, but a rental agreement. I understand there are some conversations taking place with respect to the Leopard tanks belonging to the German Army now stationed in Canada.

As you know, the German Tank Corps train at Shilo, Manitoba, and they have Leopard tanks there that they use in their training program. There is some talk about our being able to purchase or lease these tanks, which would remain in Canada and would be used for training Canadians on them, and then perhaps we could enter into a rental agreement for tanks for our troops stationed in Europe.

I am not qualified to say that we can or cannot do that, but I understand both these matters are being discussed—the possibilities of purchase and rental. Although I cannot say that one or other will be done, I think they are both worth looking at.

On motion of Senator Macdonald, for Senator Yuzyk, debate adjourned.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

TWENTY-FIRST GENERAL CONFERENCE AT NEW DELHI,
INDIA—DEBATE ADJOURNED

Hon. M. Lorne Bonnell rose pursuant to notice:

That he will call the attention of the Senate to the Twenty-first General Conference of the Commonwealth Parliamentary Association, held at New Delhi, India, 28th October to 4th November, 1975, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada.

He said: Honourable senators, I should first of all like to congratulate Senator McDonald on the address he gave this afternoon concerning the North Atlantic Assembly. I can assure honourable senators that the conference of the Commonwealth Parliamentary Association in India, while it did not become involved in the question of NATO forces, did involve other discussions of very great interest to the Commonwealth.

In rising to call the attention of the Senate to the Twenty-first General Conference held in New Delhi, India, from Tuesday, October 28, 1975, until Tuesday, November 4, 1975, I wish to say that I was honoured to have been chosen as a representative of the Senate of Canada. Also present from the Senate was my colleague, Senator Grosart, who is a member of the executive of the Commonwealth Parliamentary Association.

Canada was also ably represented by a team, representing not only the Senate but also the other place. We had Mr. Maurice Dupras, M.P. for Labelle, leader of the delegation, who did an excellent job for the Government of Canada on that occasion. Also from the other place we had Mr. Marcel Roy from Laval; Mr. Alan Martin, Scarborough West; Mr. William Scott, Victoria-Haliburton; Mr. Robert Wenman, Fraser Valley West; and Mr. Max Saltsman, Waterloo-Cambridge. Also on the delegation was Mr. Ian Imrie, secretary of the Commonwealth Parliamentary Association, Canadian Branch, and his assistant, Mr. Bruno Lecci.

In addition to the delegates representing the Government of Canada and both Houses of Parliament, the provincial branches also had delegates. From Alberta we had the Honourable L. G. Young, M.L.A. for Edmonton Jasper Place; from British Columbia we had the former M.L.A., Mr. James Gorst, Esquimalt; from Manitoba we had the Honourable Edward Schreyer, Premier of Manitoba; from New Brunswick we had the Honourable Brenda Robertson, M.L.A. for Riverview; from Nova Scotia we had the Honourable Gerald A. Regan, Premier of Nova Scotia, and the Honourable Joseph Casey, M.L.A. for Digby, Deputy Speaker of the Nova Scotia Legislative Assembly; from Prince Edward Island we had the Honourable T.E. Hickey, M.L.A. for 5th Prince, Minister of Finance and the minister responsible for Cultural Affairs; from Quebec we had Mr. Jean Perreault, member of the National Assembly for L'Assomption, Mr. Noël St-Germain, member of the National Assembly for Jacques-Cartier, and Mr. Jacques Lesard, Assistant Secretary of the Quebec National Assembly; and from Saskatchewan we had Mr. David G. Stewart, M.L.A. for Prince Albert West, and the Honour-

able F.A. Dewhurst, Speaker of the Saskatchewan Legislative Assembly.

● (1550)

With this delegation the Government of Canada—that is, both Houses of Parliament and the provincial legislatures—was ably represented. The delegates from both houses represented Canada well and participated in the discussion on all topics on the agenda. The delegates were able to place new ideas and proposals before the conference and to bring to the attention of the other Commonwealth states their personal feelings on many matters, as well as the feelings of the Canadian people.

On the morning of Tuesday, October 28, we had the honour of being the first people to use the new annex of the Parliament of India, which was constructed this summer, being completed just in time for the conference in October of this year.

The conference was officially opened by the President of India, Ali Ahmed, who welcomed us to India and gave us the assurance that the people of India welcomed the delegates from the 35 participating member countries, and would do all in their power to make the conference a success and our stay in India a pleasure.

We also had the privilege of being addressed by the Prime Minister, Madam Indira Gandhi, who welcomed us to India on behalf of the Government of India and the people of India. She told us of the struggle of the people of India for independence, and how British colonialism had come to an end in 1947 when the actual documents were signed in the city of Delhi.

She further suggested that it was in Delhi that the new concept of the Commonwealth was born, when India decided to carry on as a participatory democracy and chose to become part of the Commonwealth. The idea of being, and remaining, a part of the Commonwealth was fostered by Nehru, who wanted this new relationship with the United Kingdom and the other Commonwealth countries to be based not on animosity and bitter memories but on forgiveness and friendship.

The special feature of the association is the voluntary coming together of countries from widely differing continents and cultures, diverse in economics and in social lifestyles. It is not bound by any stated or unstated political obligations. It is neither confined to any particular system nor dominated by any one individual or nation. It has proven a useful forum for the exchange of ideas and experiences.

India is a nation made up of 22 states and nine union territories, most of which are larger than the bigger nation states of the world. By the way, the total population of all of the other countries represented in the Commonwealth is only about one-third of that of India alone. India contains almost every religious faith in the world. It has more than a dozen major languages with their own scripts, their own ancient literatures and with widely differing levels of economic development.

Through their federal constitution the states have a great deal of power, but the constitution also endows the central government with authority to deal effectively with any external danger or internal disturbances.

The Prime Minister, during her address, discussed the constitution of India. She suggested that Mr. Nehru had asserted that constitutions are made for people, not the other way round, and that democracy is not a rigid and immutable concept. She suggested that sometimes a nation tends to think that its type of democracy can be made to apply universally. She suggested that nations tend to forget that their democracies evolved over time, and that what was good for the founders of a nation might not be good for the present generation. She further suggested that future generations might re-examine democratic systems in the light of new historic conditions, and would likely make necessary changes as desired.

It is interesting to note that when the Prime Minister was addressing the parliamentarians of the Commonwealth in the new annex of the Parliament Buildings of India, the validity of her election was being judged in the supreme court of that land. On November 7, while we were still in India, the supreme court validated the poll law changes, and clause 4 of article 329A of the Indian constitution was struck down. The highest court of the land unanimously upheld Prime Minister Indira Gandhi's election to Lok Sabha in 1971, nullifying the Allahabad high court's judgment against her. A five-judge constitutional bench of the supreme court, presided over by Chief Justice A. N. Ray, handed down the verdict in five separate but concurring judgments which endorsed the 1974 and 1975 amendments to the election laws. The court's verdict of allowing Mrs. Gandhi's appeal automatically removed the six-year bar on her contesting elections which had been entailed in the high court judgment. This court decision seemed to be well received by most of the people of India.

Immediately after the official opening, the conference got under way with the first plenary session discussing the Indian Ocean as a zone of peace, and development in Southeast Asia. This plenary session was chaired by the Honourable Dr. G. S. Dhillon, Speaker of Lok Sabha, President of the Commonwealth Parliamentary Association and also President of the Inter-Parliamentary Union Association.

● (1600)

The Honourable Gerald Regan, Premier of Nova Scotia, Chairman of the Executive Committee of the Commonwealth Parliamentary Association, formally inaugurated the conference. During the discussion on the subject of *The Indian Ocean as a Zone of Peace*, there was much concern expressed by the delegates from India and Mauritius because the United States of America, apparently, was building an airfield in Diego Garcia, which was purchased by the British government from the Mauritius government for £3 million, and because the British government was now allowing the Americans to build an air base which was big enough to enable B-52 bombers to operate from Diego Garcia.

The delegate from Kenya supported the idea of making the Indian Ocean a zone of peace, and suggested that the Kenyans had a common problem with all other countries which had coasts bordering on the Indian Ocean. He suggested that his government had always expressed the desire that the Indian Ocean should be left without any interference by outside powers. It was difficult to agree that what the United States, the United Kingdom and the

[Senator Bonnell]

U.S.S.R., or any other power, were trying to do in that area, was for the benefit of the area. He suggested that what the developing countries in that area needed most was money for development, and that if the big powers wanted to assist them, they could provide assistance in a number of ways other than building up military strength in the Indian Ocean.

The delegate from the Seychelles Islands suggested that too much movement of ships in those seas by the big powers, possibly involving atomic power, could well destroy the fisheries on which most of those small islands in the Indian Ocean depended so heavily for a living.

The delegate from the United Kingdom suggested that the United Kingdom shared the sense of the conference in discussing the Indian Ocean and seeking to create within it a freedom not only from nuclear weapons, but all other forms of military equipment. He suggested that the United Kingdom wanted disarmament, not just in the Indian Ocean, but throughout the world. The United Kingdom wanted a cessation of massive weapons build-up year after year by all countries—not only European countries, but countries of Asia also. He felt that such a reduction in weapons build-up should be an objective of the Commonwealth. He further suggested that the heart of the matter lay in continuing talks between the two big powers, balanced force reductions, and activities in the United Nations.

If we really want response, let us not point our finger only at the United States or the U.S.S.R. It will be in the interest of all of us to see if we can bring these two super powers together to discuss disarmament, not only in the Indian Ocean, but throughout the world.

The second item discussed in the plenary session was the development of Southeast Asia, at which time the Malaysian delegate suggested that the fundamental transformation of the political scenario of Southeast Asia offered the opportunity for all Southeast Asian countries to embark on a new beginning in their relationships with each other. It will require a constant attempt to discard old attitudes and dispositions, and to substitute in their place perceptions that are more in tune with realities.

The spectre of the aftermath of the Vietnam War is now enabling Southeast Asian countries to readjust their strategies. The struggle to eliminate wants of basic needs, such as food and shelter, must supersede ideological struggles.

The fear which is foremost in the minds of the Southeast Asians, arising from the United States involvement in Vietnam, is the possibility of their being another domino in international relations. That is why the countries of Southeast Asia are asserting that they are not prepared to trade any more territorial or strategic assets for any super-power guarantees.

In order to create a stabilizing force in Southeast Asia, the countries in that area are banding together in a non-military, non-ideological and non-antagonistic union which, they hope, will meet the common requirements of the different countries in Southeast Asia for their own development, their own growth, and their own protection, thereby making Southeast Asia a zone of peace, freedom and neutrality.

On Wednesday, October 29, the morning plenary session was held with discussions concerning Africa south of the Sahara and its relationships with Rhodesia and South Africa. The delegate from Zambia suggested that the threat to international security in Africa south of the Sahara was mainly due to the minority racist regimes of Rhodesia and South Africa, and the abominable apartheid policy of South Africa. He said that it was the duty of the Commonwealth, and all other bodies, to see that South Africa's illegal occupation of Namibia comes to an end. Unless independence based on majority rule in Rhodesia is achieved, and the policy of apartheid renounced by South Africa, Southern Africa will always remain a threat to peace.

On Wednesday afternoon, October 29, the plenary session discussed the world energy crisis. During this discussion, the United Kingdom delegate, the Right Honourable Lord Shepherd, said that the recent energy crisis had affected the developing countries most, and would cost those nations some \$10,000 million a year—a very sizable amount. Great Britain would have to pay nearly £1 million a day to meet the latest hikes in the price of oil.

The larger industrialized countries would be able to overcome this crisis, but it would be beyond the powers of the developing countries to face this crisis unless the industrialized countries took certain steps and also provided massive aid to the developing countries. It must be recognized that the poorer countries were more heavily affected by the energy crisis than were the developing countries, which had already reached a fairly advanced stage of development. Therefore, more attention should be paid to the underdeveloped countries.

It will indeed be difficult for us to overcome the present difficulties in a unilateral and national way. The industrialized countries must cooperate and coordinate their policies in such a way as to help the poorer countries in tiding themselves over this present crisis.

More care should be taken in the use of energy, and oil should be used only for essential purposes. It was suggested that greater attention should be paid to the activities of the World Bank to enable it to provide credit to the affected countries on the best possible terms.

● (1610)

Apart from conservation of present energy resources, our strategy should be to devise ways of increasing our co-operation with regard to sharing all the resources that are left in the world. It must be recognized that we are still in the cheap fuel period, and that within a few years, as supplies run out, we shall be moving into a more expensive fuel area.

It was suggested that big developments are likely to take place in the field of nuclear power in the future. This would also increase the possibilities of designing and building nuclear weapons. Control should therefore be exercised by the United Nations to ensure that the by-products of atomic energy are not used for other than peaceful purposes.

Mr. Alan Martin, M.P., a Canadian delegate, suggested that while Canada was trying to understand and concern itself with the problems besetting the underdeveloped countries as a result of the trauma brought about by world oil

price increases, she must, at the same time, become more fully aware as a nation of the dramatic turn of events relating to the energy picture as it was currently affecting this country. He said that in 1972 it was estimated that our oil resources would suffice not only to meet our own requirements as far ahead as 1990, but also to enable us to export one million barrels per day. In 1974 we were told that, rather than having exportable supplies in 1990, we would be faced with potential net import requirements of up to 2 million barrels per day as early as 1985. He further suggested that somewhat the same situation existed in Canada in regard to the supply position of natural gas. He said that the Government of Canada had already taken various steps to meet these challenges as far as this nation was concerned and, at the same time, had taken into consideration the supplying, by the world, of the underdeveloped countries.

The Australian delegate told the conference that the nuclear, solar, tidal and hydroelectric types of energy were all being studied by his country, but that up to the present time no great progress had been made.

The delegate from India suggested that there might be a breakthrough in respect of the "fusion process." The "fusion process" would make use of the radioisotopes in sea water, which were cheap and limitless. If the scientists succeeded in finding some kind of a device by which this tremendous energy could be tamed and released for the use of industries, it would be a limitless source of energy for the world. He also said that we must look upon oil not as a source of energy but as a raw material, and that if this were done the world would be on the right track.

The delegate from Kenya said it was misleading to talk about an energy crisis as this would suggest a physical shortage of energy, which was not the situation for everybody, because those who could afford to pay the price could get the energy they needed. It was, therefore, essentially an economic crisis.

The delegate from Bermuda suggested that there had to be some special consideration for the underdeveloped countries, particularly during the interim period. He proposed that while the larger countries were trying to solve the problem by speeding up the research they had left lagging for many years, they should provide special consideration, by means of special rates, for peoples and countries with special problems. This had to happen because they could not afford to pay the increased cost.

On Thursday, October 30, discussions took place concerning *The Building of a New International Economic Order* with the following special subtitles: (i) *World Population Growth and Food Resources*; (ii) *Commodity Prices, Terms of Trade and Indexation*; (iii) *Producer or Consumer Country Cartels and Regional Economic Groupings*; and (iv) *Multinational Corporations*.

Incidentally, the group dealing with controls and regional economic groupings was chaired by Senator Grosart.

Concerning *World Population Growth and Food Resources*, the delegate from Bermuda, the Honourable W.H.C. Masters, said that Bermuda was one of the two countries in the Commonwealth which started population control, the other being India. He said that Bermuda had realized the importance of limiting the population as the alternative to

being overpowered by poverty, and that the program was successful. He further suggested that their objective could not be achieved by population control alone, and that other things that were needed were industrial development, development of natural resources, control of pollution, more food production and road development.

The delegate from the Bahamas said that the population question really had its roots in developing countries, where the income level was low. A good deal of skill had to be mustered to deal with the problem. The Commonwealth was made up both of rich and developing countries, and if the rich provided the latter with the necessary skills and resources, the problem could be solved.

Mr. Alan Martin, M.P., a delegate from Canada, suggested that the population explosion was not likely to be halted in the near future, and whether or not it was the cause or effect of underdevelopment in individual countries was arguable. He expressed the view that population programs in various countries must be inter-related with rural health programs, and that it was mainly the responsibility of the individual nations as to how they should control their population growth.

Mr. Martin further suggested that, as far as food resources were concerned, nations which had a surplus of food should assist those who were in deficit, and that the recipient nations should make every effort to become self-sufficient in their requirements as speedily as possible.

On the afternoon of Thursday, October 30, during the discussion on *Multinational Corporations*, Mr. Max Saltzman, M.P., from Canada, said that most of the multinational corporations operating in Canada were of United States origin, and in some respects were to Canada's advantage. He suggested that workers in the United States felt that the multinational corporations should withdraw their investment in other countries because the funds that would thus be made available would create more employment opportunities inside the United States itself. He thought that, in spite of bitter criticism against these corporations, the problem facing developing countries was one of how to attract such corporations so that they could get what they could not produce themselves. Multinational expansion had been referred to as neo-colonialism, and had much the same characteristics as the imperialist political colonialism which could be called a kind of economic colonialism. When governments get involved in business and industry, what happens is the same as happened in the case of colonialism and multinational corporations—that is, in return for certain benefits, certain know-how, certain technology, the recipients are asked to give up a margin of their sovereignty.

On Friday, October 31, social problems were discussed with particular emphasis on the social effects of unemployment, the growth of violence, unrest among youth, and drug problems. The delegate from Jamaica said that these problems are of deep concern to most of the countries of the Commonwealth. He pointed out that many nations of the Commonwealth became independent during the last century, and that their attention was therefore focused on winning economic independence. He suggested that unemployment was the root cause of the social problems of violence, unrest among youth and the use of drugs. He further suggested that idleness was the cause of the break-

down of family life. The breadwinner abandoned his wife and children, the children developed wayward ways, and this placed a heavier load on the child welfare services of the state. Men migrated to the cities in search of jobs, which were few, and this in turn created housing problems in the cities.

I took part in the discussion on the social effects of unemployment, and suggested that some countries of the Commonwealth seemed to think that the cause of violence, unrest among youth and drug problems was unemployment. Others seemed to think that it was because of overemployment and lack of time for recreation and play, and still others expressed the view that the cause of unrest among youth, drug abuse and violence was under-education and lack of a proper educational system. Delegates from some Commonwealth countries were of the opinion that these problems were caused by over-education, and that most of them started in the universities, while others thought that their cause was poverty. I got the impression that some thought the cause was too much affluence in the state and in the home. In some cases it seemed that the cause was lack of guidance and parental care in the home, lack of love in the home, and in others it was due to the fact that so many wives are working in this modern day that there is little or no guidance in the home from the mother. There seemed to me to be all kinds of reasons, and every country seemed to feel that youth unrest, drug problems and growth of violence were caused by a completely different set of circumstances.

● (1620)

In view of the fact that there is such a diversity of opinion as to the cause of unemployment, the cause of youth unrest, the cause of violence, and the cause of the use of drugs among our youth, then in order to bring these problems—which seem to be affecting all nations of the world, even those outside the Commonwealth—into perspective, I recommended that the Commonwealth Parliamentary Association should set up a committee to consider a new international social order. Such a committee could bring together all the information and all the research that can be obtained from the member states, and bring back a report to the annual meeting of the Commonwealth Parliamentary Association which will be held at Mauritius next year. In that way we can see if any united approach or common remedy could be found for these major problems which seem to be worsening as the years go on.

This recommendation of mine was highly supported by member states, and the chairman, the Honourable M. C. Cham, M.P. from Gambia, was to report to the executive the feeling of the panel that a committee of the Commonwealth Parliamentary Association be set up to report back at the Mauritius meeting on its suggestions and recommendations for a new international social order with special emphasis on unrest among youth and drug problems among youth and the growth of violence in the Commonwealth.

On Friday afternoon, October 31, a panel discussion took place on the preservation of the environment, the control of pollution and the protection of wildlife. Most members of the Commonwealth seem to have problems concerning pollution, and are setting up departments of the environ-

ment and are trying to control these problems within their own states.

The delegate from Canada, Mr. Robert Wenman, M.P., told the panel that Canada shared the concern for environment protection and had enacted important federal legislation including the Canada Water Act, the Clean Air Act, and the Arctic Waters Pollution and Preservation Act.

Mr. Wenman suggested that nuclear energy, which had become a major component in meeting the energy crisis, might become a major source of pollution in the world. The developing countries should also be aware of the consequences and potential danger of such energy. Any country selling, buying or using a nuclear reactor should be obligated to introduce all technologically possible safeguards, to comply with all international safeguards, to develop inspection systems, and to pledge technological research funds to the solution of the waste disposal problem. Any country that proceeded in its technology to the production of nuclear explosions should be strongly condemned by all the developing countries which so desperately require both nuclear energy and the guarantee of safety for our global environment.

Much discussion took place concerning the protection of wildlife, and most countries in the world are doing their utmost to preserve the different species of animals and plants that are becoming scarce. Many international orders are doing what they can to preserve many of the rare species of the animal and bird life, such as the whooping crane and the whale. It was felt by many that this is a problem for the United Nations to deal with, insofar as it relates to the preservation of wildlife in the different countries of the world. It has to be realized by all nations that some of our cherished animals, birds and plants are headed for extinction if we are not careful about our natural resources.

On Saturday, November 1, a plenary session was held to discuss *Internal and External Threats to the Authority and Prestige of Parliament*. The Right Honourable William Whitelaw of the United Kingdom pointed out that there are various threats to parliamentary authority all over the world—threats which have their roots in violence and intimidation. There are campaigns to undermine the authority of parliaments through systematic attacks on their members' competence and honesty of purpose.

So far as violence was concerned, if it gets started in any country it creates a sort of society in which authority passes from the elected representatives to the bully-boys and criminals on the streets. Surely, the need is to prevent violence from ever breaking out, because once violence starts it is far more difficult to stop it. Preventing violence from breaking out requires, first, an early appreciation of genuine grievances and, secondly, a democratic effort by the government, backed up by all its powers, to meet it. It also demands very firm action and, in certain instances, coordinated action among the nations of the world against those who seek to support violence in any country for any reason.

As to campaigns against parliaments and their members, if they are not to be repeated we must see to it that we promote among our people a faith and a belief in parliament itself. It is impossible to generalize about this problem because it differs from country to country.

Mr. Whitelaw did not accept the old saying that the only duty of the opposition is to oppose. He said we must not indulge in senseless party bickerings and recriminations in our parliaments. Fierce criticism and constant exposure of the failings of government are essential and must be rigorously pursued, but a country would think less of its politicians if such attempts degenerate into a universal condemnation of everything that a government does. This, in turn, would all too easily lead to a general denigration of the whole national effort.

The opposition can help parliament if it is honest enough to stand with the government where it believes the government is right. The opposition should give the government at least some support when it believes the government is only half right. It might criticize some parts of the government's program, but at the same time say that it believes it is generally right.

If this can be done then the people would feel that parliament is a constructive forum, genuinely seeking solutions to national problems, and not some kind of a battleground in the struggle for personal power. Nothing is more damaging to a parliament than to be taken as a battleground for some people seeking their own personal advancement and power. Parliament should be recognized as a living part of our national life, reflecting its changes and its adaptations. This is tremendously important if we are going to be in tune with the feelings of the people.

At the afternoon meeting on Saturday, November 1, we discussed *Ministers, Members and Conflicts of Interest*. It was felt that it is impossible to draw up a code of conduct for members of parliament. The problem of definition in this matter could really lead to defeating the very purpose. One remedy is to maintain a register of interests of parliamentarians, but the question remains as to who should maintain this register, and to whom this disclosure should be made.

If this declaration were made to the Speaker, it might not satisfy public opinion, and the public would like to scrutinize it. If it is scrutinized by the public, many objections might be raised by the legislators themselves, who would not like to have their assets and liabilities investigated by the public. Declarations could be utilized for harassing members. Widest publicity to one's assets and liabilities would probably satisfy most of the public. In some countries a wide range of entertainments is provided to members of parliament in order to influence their conduct in certain cases.

● (1630)

A select committee appointed in the United Kingdom was of the view that parliamentarians should be better paid in order to remove them from the field of temptation.

Basically, most member countries felt that we have to fall back on the good sense and integrity of the individual members of parliament, and on the capacity of the electorate and its good sense to choose the proper persons for parliament. If a person is known to have done something wrong, the public must reject him at the next election. This is an area in which we have nothing to rely upon except the good sense of the electorate, the good sense of the members and their own integrity and sense of honour, and above all, the capacity of humanity to set itself right.

On the final day, the subject of *The Commonwealth as an Instrument of Social, Political and Economic Transformation* was discussed. I am happy to say that the leader of our delegation, Mr. Maurice Dupras, initiated the discussion. It was his view that the Commonwealth has undergone a change and must now be looked upon as an informal and largely de-institutionalized association of countries of various races and continents. The Commonwealth is neither an empire nor a power bloc. Its members have some vital things in common. They share certain constitutional and legal attitudes, governmental and business practices and habits of working together. The justification of the Commonwealth lies in the sharing of viewpoints and the search for understanding. In spite of regional attachments, the Commonwealth is counter-regional; its role is not to rival regional blocks, but to link them.

Cooperation among Commonwealth countries is not limited to governments. It takes place among parliamentarians, industrial and commercial enterprises and voluntary societies and organizations. The countries work together through 300-odd organizations that promote Commonwealth interests in a variety of areas about which few people knew.

One of the most important areas of Commonwealth cooperation is in the field of education, where the Commonwealth Education Conference and the Commonwealth Secretariat play important roles in stimulating activity. Under the Commonwealth Scholarship and Fellowship Plan, by 1973-74 the total number of scholarships had reached 1,008, with 442 new awards in twelve countries.

Health is another field where there has been close Commonwealth cooperation. Similarly, member governments are increasingly taking the advantage of opportunities for legal cooperation within the Commonwealth.

In the field of communications, there have been mutual postal concessions between Commonwealth countries for many years. The Commonwealth Air Transport Council is an important institution, which advises on the civil aviation matters referred to it by governments, and is a medium for the exchange of views and information.

Mr. Dupras said that Canada's Commonwealth trade had expanded substantially, and it was his feeling that the Commonwealth has great possibilities.

During the business meeting that followed, the Speaker of the House of Commons of Canada, the Honourable James A. Jerome, was elected vice-president for the year 1976, when the Commonwealth Parliamentary Conference will be held in Mauritius. Mr. Speaker Jerome likely will be elected president next year, and as a result will be president when the Commonwealth Parliamentary Conference is held in Canada in 1977.

Before closing, I would like to take this opportunity to tell honourable senators that the Canadian delegation, which was ably led by Mr. Maurice Dupras, participated in the discussion of all topics on the agenda and contributed substantially to the debates. The viewpoint of Canadians was heard from all the representatives on the federal team, as well as from the provincial representatives.

As a representative of the Senate, I was proud to be a Canadian speaking on such worldwide topics and participating in such debates, and in being able to join with

[Senator Bonnell]

my fellow Canadians in the forming of world opinion on such major subjects as were discussed at the conference.

I would also add that we were jointly proud of our leader, Mr. Maurice Dupras. Our secretary, Mr. Ian Imrie, and his assistant, Mr. Bruno Lecci, did an excellent job in organizing the Canadian team so that they were able to participate fully in the debates at Delhi. Without the support of Mr. Imrie and Mr. Lecci, the Canadian delegates would not have been able to participate as fully as they did.

Again, honourable senators, I thank you for the opportunity of representing you at this conference. While in India I had the opportunity on two occasions of appearing on national television in India to speak on behalf of Canada—once to give the views of Canada on the conference, and then to speak on youth problems and drug abuse. Mr. Dupras also had the opportunity of speaking to India on television concerning the feelings of Canada toward the Commonwealth.

When the conference was over, I believe that Canada was much better informed about the problems of the Commonwealth and the world, and the world and the Commonwealth were much better informed about how Canada feels concerning many of these problems.

On motion of Senator Macdonald, for Senator Grosart, debate adjourned.

ANTI-INFLATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-73, to provide for the restraint of profit margins, prices, dividends and compensation in Canada.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Perrault: Honourable senators, with leave of the Senate, I move that this bill be placed on the Orders of the Day for second reading at the next sitting.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

• (1640)

Senator Grosart: I wonder if the Leader of the Government would indicate what timetable he has in mind for further stages in the consideration of this bill. Has he a timetable in mind, or has he a suggestion as to a termination date with respect to our handling of the bill?

Senator Perrault: Honourable senators, the measure is, of course, considered to be important by all members of both houses. It is the hope of the government that the debate on second reading in this chamber will be concluded by the end of the week. That, of course, depends to a great degree upon the exercise of the right of members of the Opposition to express their views on the bill.

We would like to have the bill referred to committee by the end of the week or the beginning of next week, so that it can be read the third time in the middle of next week.

Senator Grosart: I presume the Leader of the Government would agree that the time we might take on the bill would also depend on the desire of senators on the govern-

ment side to speak to it, as well as senators on the Opposition side.

Senator Perrault: That goes without saying. Supporters of the government have never shown disinclination to participate in debates of great public concern of this type.

Senator Grosart: Would the Leader of the Government then relate the program as he has outlined it to our sittings in the next few days?

Senator Perrault: This matter will be the subject of discussion with the Leader of the Opposition tomorrow morning, and I hope that tomorrow I shall be able to give honourable senators a better idea of what the proposed sitting dates will be. It is recognized that because of travel difficulties at this time of the year as much advance notice as possible should be given.

It should also be pointed out with respect to the content of the bill that much consideration has already been given it by honourable senators. The subject matter has been discussed at great length by a number of senators. A pre-study has already been undertaken.

Senator Asselin: How many weeks did the House of Commons take to consider and pass this bill?

Senator Perrault: How many sitting days?

Senator Asselin: How many weeks?

Senator Perrault: I am afraid I cannot give you that information, senator. I simply do not have the commencement date or the completion date.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 4, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

INTERNAL ECONOMY

COMMITTEE ON BANKING, TRADE AND COMMERCE—BUDGETS TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled four reports of the committee approving the budgets presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, as follows:

for the expenditures of the said committee with respect to its examination of Bill C-65, intituled: "An Act to amend the statute law relating to income tax, (No. 2)", as authorized by the Senate on November 19, 1975;

for the expenditures of the said committee with respect to its examination of Bill C-2, intituled: "An Act to amend the Combines Investigation Act and the Bank Act and to repeal an Act to amend an Act to amend the Combines Investigation Act and the Criminal Code", as authorized by the Senate on November 19, 1975;

for the proposed expenditures of the said committee with respect to its examination and report upon the subject matter of the Bill C-60, intituled: "An Act respecting bankruptcy and insolvency", in advance of the said bill coming before the Senate, or any matter relating thereto, authorized by the Senate on May 13, 1975;

for the proposed expenditures of the said committee with respect to its examination and report upon the subject matter of the Bill C-73, intituled: "An Act to provide for the restraint of profit margins, prices, dividends and compensation in Canada", in advance of the said bill coming before the Senate, or any matter relating thereto, authorized by the Senate on November 18, 1975.

COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS—SUPPLEMENTARY BUDGET TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the supplementary budget presented to it by the Joint Chairman of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments for the proposed expenditures of the said committee with respect to its review and scrutiny of statutory instruments pursuant to the report adopted by the Senate on October 29, 1974.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Monday next, December 8, 1975, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, December 8, 1975, at 2 o'clock in the afternoon.

[Translation]

Senator Asselin: As I shall reply to the Leader of the Government this afternoon, need we still sit on Monday afternoon instead of Monday evening?

Senator Langlois: Certainly.

Senator Asselin: According to what I heard, that would have been necessary had a reply not been given this afternoon. So, if I reply to the speech of the Leader of the Government, must we still come back at 2 o'clock Monday?

Senator Langlois: As I will indicate in a moment in outlining the program for next week, because of the number of senators who have expressed the wish to participate in that debate, I feel it will be necessary to sit both Monday afternoon and evening, regardless of what happens here this afternoon.

[English]

Honourable senators, before the question is put I should like to give an outline of the work in store for us next week.

In moving the adjournment of the Senate until 2 o'clock next Monday afternoon, I have taken into consideration the necessity of dealing with Bill C-73 as expeditiously as possible, owing to its urgency and the number of senators who have expressed a desire to speak on it. It is expected that the supply bill covering supplementary estimates (A) for the fiscal year ending March 31, 1976, will pass the Commons on Tuesday next, and I think we can look forward to a pretty steady flow of legislation from the other place from now until the Christmas adjournment. There-

fore, it will probably be necessary to sit on both Monday and Friday next week and the following week.

● (1410)

I will now give the schedule of committee meetings, which is subject to change because other meetings will probably be added as the week progresses.

The Standing Senate Committee on Banking, Trade and Commerce will meet at 2.30 Monday afternoon on its advance study of Bill C-60, the Bankruptcy Act. The Standing Senate Committee on Foreign Affairs will meet at 9.30 a.m. Tuesday to discuss its report on Canada's relations with the United States. The Banking, Trade and Commerce Committee will meet at 9.30 a.m. and will give priority to Bill C-73, should it be referred by that time. The Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 8 p.m. The Banking, Trade and Commerce Committee is scheduled to meet at 9.30 a.m. on Wednesday. The Special Joint Committee on Employer-Employee Relations in the Public Service will meet at 9.30 a.m. on Thursday, and the Foreign Affairs Committee and the Banking, Trade and Commerce Committee will meet at the same hour.

As I have already said, other meetings will probably be added to the list.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1) (i), moved:

That the name of the Honourable Senator Yuzyk be substituted for that of the Honourable Senator Phillips on the list of senators serving on the Standing Joint Committee on Regulations and other Statutory Instruments; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Smith (Colchester) be substituted for that of the Honourable Senator Macdonald on the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

ANTI-INFLATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Raymond J. Perrault moved the second reading of Bill C-73, to provide for the restraint of profit margins, prices, dividends and compensation in Canada.

He said: Honourable senators, there have been requests for an explanation of this bill, and I hope to accede, at least in part, to those requests.

The bill before us is a key part of the government's anti-inflation program. It empowers the Governor in Council to promulgate guidelines in the form of regulations for the restraint of prices, profit margins, dividends and compensation in Canada. It defines the areas of the economy which will be subject to legal enforcement of these guidelines and establishes the administrative machinery and the penalties for non-compliance.

The government's anti-inflation program is a response to the fundamental problem of domestic cost inflation which has been growing ever more acute for more than one year. The magnitude of this problem was highlighted by a recent forecast by the Organization for Economic Co-operation and Development in which unit labour costs in Canada were shown as rising at more than twice the rate of that of the United States; they were three times the German rate and were four percentage points higher than the rate in Japan.

The continued strong rise in Canadian costs reflects, at least in part, the fact that the Canadian economy is not experiencing a business recession of anything like the severity of those prevailing in the United States, Germany and Japan.

We can take some satisfaction in the knowledge that our economy has not suffered increases in unemployment or losses of output and income of the size experienced elsewhere. But the fact is that unless we respond decisively to the other aspect of our current situation, the cost inflation, this satisfaction is going to be short lived. Not only will some groups in our society suffer particularly severely from the direct effects of continuing high inflation, but the economy as a whole is likely to experience deteriorating performance as inflation disrupts financial markets, impairs rational planning by business and government, and generally increases tension in collective bargaining and in society at large.

Faced with developments over the summer and early autumn which gave no clear indication that cost inflation was starting to recede, but in fact raised the danger that still higher rates of cost increase might become prevalent, and given the growth in public support which is so crucial to the success of a wage and price restraint program of the type implemented, the government has responded with this program of concerted anti-inflationary measures involving fiscal and monetary policy, government expenditure policy, policies to deal with structural problems in particular sectors, and the prices and incomes policy which requires passage of this bill for its implementation.

I might add that the events since October 13 have further strengthened the case for this package of anti-inflation measures. Observers are becoming increasingly optimistic as to the strength of the recovery in the United States of America. Recently released data on the performance of the Canadian economy in the third quarter of this year suggests that recovery is also under way in Canada. However, in the absence of decisive remedial action, entering an upswing with rates of price increases in excess of 10 per cent could lead to indefinite double digit inflation, which would be completely unacceptable.

The measures which constitute the anti-inflation program are, first, a commitment to maintain a balance of fiscal and monetary policies that will encourage sufficient growth of demand in the economy to be consistent with economic recovery but at gradually moderating rates of inflation. Secondly, there is a commitment to limit the growth of all government expenditures to the trend rate of growth of the economy as a whole. An aspect of this commitment is the policy of limiting employment and wage rate growth in the public service. Structural policies aimed at ensuring the necessary supplies of energy, food and housing, at increasing the efficiency and competitiveness of the economy, and at bringing about an improvement in labour-management relations are being developed. There will be other announcements along the way in some of these areas.

● (1420)

Finally, there is the prices and incomes policy. Let me briefly review the central features of the general guidelines for the restraint of prices and incomes which the government is asking everyone to follow. I should like to do this before turning to the details of the bill, which establishes the mechanisms by which these guidelines will be applied, with legal sanctions, to selected sectors of the economy.

There is a misapprehension in some parts of the country to the effect that the guidelines only refer to certain selected groups, that only those groups delineated in this legislation are to be covered by mandatory guidelines, and that the rest of the economy is totally free from any guidelines. That is not the case. Voluntary compliance is sought on the part of all Canadians and all companies doing business in this country. The fundamental principle of the price side is that price increases should not exceed net cost increases. This principle is implemented through different rules, depending on the circumstances of the firm. The basic rule is that the cost pass-through should only increase prices by the dollar amount of the increase in these costs. Firms not able to allocate their costs to individual products will be required to limit price increases so as to achieve percentage pre-tax net margins no higher than 95 per cent of the average of the last five years. Retailers and wholesalers are, in general, limited to existing markups or gross margins. A reduction in gross margins, however, is required where changes in operating costs are such as to cause net margins to rise as a percentage of sales, and upward adjustment in gross margins is allowed where necessary to maintain the level of profit in dollar terms.

Prices received by farmers and fishermen for raw produce are exempt from the guidelines. This is in recognition of the fact that individual farmers and fishermen do not have very much influence on the prices they receive. As the American experience demonstrated, control of these prices tends to have adverse effects on any anti-inflation effort through reducing supply. This is one of the real lessons of the experience gained by the Americans as a result of the restraints program which was developed there some time ago.

The operations of marketing boards and related agencies which influence farm and fisheries prices have been discussed rather thoroughly, now, with provincial govern-

[Senator Perrault.]

ments, and at this stage there is informal agreement that governments will ensure that these boards, which can fix prices, will keep within the guidelines.

The objectives of the program as regards exports are, of course, different from those regarding goods which enter into the domestic cost-of-living picture. It is important that the Canadian economy continue to receive the maximum return from resources devoted to production for export. Exporters will be expected to sell abroad at fair international market value; however, it is also important that export profits, which will benefit to some degree from wage restraint in the export industries, not be treated in such a way as to make the program unacceptable to large segments of the public in a way that presents an invitation to excessive wage settlements in export industries, or in a way that encourages the diversion of supply from domestic into foreign markets.

Thus the exemption of export prices from controls is to be accompanied by a levy on the amount by which export profits exceed the level which would be permissible in controlled sectors. In general terms, the form of this levy will recognize the volatility of export profits and the need for continued heavy investment in this sector. The detailed nature of this tax measure will be made known when the Minister of Finance introduces the necessary legislation.

The compensation guidelines—and these have been discussed rather vigorously in some parts of the country—cover all forms of wage and salary compensation, including fringe benefits, bonuses and stock options. They are intended to allow compensation per employee to increase, on average, at a rate which is initially set at 10 per cent per year, but which reduces over a period of time in the expectation that the inflation in the economy is going to be reduced over a period of time. This takes into account, of course, the program that anticipates an inflation rate reduced to around 8 per cent over the next few months, so that the upper limit of a 10 per cent average wage settlement should be consistent with a 2 per cent improvement in average real income. The guideline limit does not take the form of a single, flat percentage limit on all increases; rather, as honourable senators know, there is a provision for variation both above and below the average figure, depending on the wage experience of the group in question over the recent past. The limits are further modified so as to impose a somewhat more restrictive limit on those towards the top of the income scale, and a somewhat less restrictive limit on those towards the bottom of that scale.

In response to discussions with provincial premiers and ministers, and in response to comment here, in the other place and elsewhere, the special treatment for low-income employees has been extended by adding a provision that increases which bring the hourly earnings rate no higher than \$3.50 are going to be exempt. The compensation guidelines also recognize various factors which may provide grounds for exceptional treatment, such as the need to attract workers into areas of labour shortage or to maintain long-established historical relationships between groups. Honourable senators are aware, of course, that if in the past two years any group in this country covered by the mandatory guidelines received wage and salary increases which were below increases in the cost of living, such a group may receive an additional two percentage

points this year to make their maximum gain up to 12 per cent, and where settlements were inordinately high over the past two years in relation to cost-of-living increases, then the maximum wage increase figure will be established at 8 per cent for the next 12 months.

As an aside, I find it very difficult to understand, and perhaps other senators share this feeling, why some sectors of organized labour have announced their intention to launch a \$500,000 campaign to defeat the program when the object of the program is to maintain the purchasing power of the working people of this country. Nothing can be more damaging, surely, to this nation at this particular time than to have our working people paid in dollars which have deteriorated in terms of purchasing power.

I think we should ask those who lead the great labour movement in this country, those who have announced a public effort to defeat the program, how they can possibly justify inordinate wage increases when productivity increases are around zero, when wage settlements have been running around 20 per cent in the last quarter and inflation is running at 12 per cent. It can only mean that if large and unwarranted wage increases are granted, then either another sector of this economy is going to suffer in terms of loss of purchasing power, or those so-called major increases will really be illusory in terms of increased purchasing power. Let us hope that there will be a reassessment of the situation on the part of some of the labour leaders in this country, and that they will designate at least part of the money budgeted for public opposition to the program toward efforts aimed at developing new ideas and new concepts to make this program more equitable and more workable so that all Canadians, regardless of how they earn a living, can be paid in terms of meaningful dollars and meaningful purchasing power. That has to be our long-range goal.

The compensation guidelines also recognize various factors, as I said, which provide grounds for exceptional treatment, such as the need to attract workers into areas of labour shortage or to maintain long-established historical relationships between groups. We know that this occurs across the country in many industries where people doing roughly comparable work have had an historical relationship in terms of compensation. It may be that in certain cases a group has achieved a settlement, say, in September of last year, and an adjacent group, the group with this historical relationship, may not yet have negotiated a contract. So the Anti-Inflation Board is then in a position to judge where justice should prevail in terms of wage settlements, and the type of historical relationship there should be in terms of dollars and improved compensation.

● (1430)

I would conclude this review of the general nature of the guidelines program by emphasizing two points. The government has made the decision not to upset existing contractual arrangements, such as longer-term wage contracts, price contracts and interest rate contracts. This imposes limits on the rate at which it is feasible and desirable to attempt to reduce inflation if those subject to the guidelines are not to fall too far behind those whose incomes are governed by exempt existing arrangements. Thus, our objective is one of gradual reduction in inflation. We must

pursue this reduction for several years if we are to attain acceptable rates of price increases.

The legislation which is before us expires at the end of 1978. There has been some discussion in the other chamber, of course, as to whether it should continue for an 18-month period or a three-year period. Surely, the point has to be made and the Canadian people must be convinced that we have a serious economic challenge and that this is not a program designed for only a temporary or brief period of time.

We do not wish the psychology to develop in this country that this is to be only a 12-month or 18-month program and that, perhaps, companies and wage earners can "hang on." We don't want the attitude, "Just wait until that temporary period is over and then we will hit them for huge wage increases or huge price increases," and so on. For these and other reasons, the government made the conscious decision to establish a three-year maximum for the program rather than a shorter period. I know that there are honest and legitimate differences of opinion in this chamber, and perhaps in the other place, with respect to this, but the government has made the decision to pursue this program for several years in order to achieve acceptable rates of price increase. Hopefully, the program can be dismantled before that three-year deadline, but this is a program which must be taken seriously and that is why a three-year deadline has been established.

The legislation, of course, has that nominal expiration date of 1978. We believe this is a reasonable horizon for planning the type of program which has been chosen. As I have said, it is also the case to set a very early expiration date would encourage various forms of behaviour, which amount to waiting out the guidelines with the intention of going back to old patterns. The program must have time to lower expectations if it is to make a lasting contribution.

The fact before all of us is that over the past 12 months increasingly there have been instances throughout the country of groups not only achieving catch-up in terms of purchasing power, keeping pace with increases in the cost of living, not only catch-up with employees doing roughly comparable work in the United States, but of some groups achieving gains which could only be interpreted as constituting hedges against what they presumed would be a disastrous continuing rate of inflation. This is the serious psychological aspect of the inflation which has beset the country.

A second feature that requires emphasis is the selective nature of the enforcement provisions of the program. Such selectivity is necessary if we are to manage with a relatively small bureaucratic structure. The government does not wish to hire a huge expensive army of "gumshoes" to tramp around the country, leaning over everyone's shoulders and demanding six copies of everyone's records each Monday morning. That would be self-defeating and would do little to help keep in line government spending. We believe that a selective approach, which ensures compliance by those who are generally the pattern setters, can be effective, given general acceptance of the need for the program and the need for restraint.

I turn now to the provisions of the bill. It first defines the areas of application and enforcement of the guidelines. As I have mentioned, enforcement is to be selective. In

addition to applying to the federal government and all of its Crown corporations and agencies, and to the provincial-municipal public sector under federal-provincial agreement, the regulations which constitute enforceable guidelines will apply first, to any individual firm and any so-called "family" of associated corporations which employs more than 500 employees; secondly, to construction companies employing more than 20 persons; thirdly, to employees of those companies; and fourthly, to individuals or other firms carrying on a business that is a profession, and professional employees of such businesses.

Other groups may be brought under the enforcement provisions of the legislation by the Governor in Council with the recommendation of the board, where such firms or groups are considered to be of strategic importance to the economy, and thus in a position to undermine the whole program—and honourable senators, I am sure, can think of a number of groups which occupy that strategic position. Such additions could include industrial sectors where employees and/or employers engage in industry-wide bargaining.

Honourable senators may have noticed that the White Paper called for all areas characterized by industry-wide bargaining to be included, and there is a difference between the White Paper statement on this subject and the proposed legislation which we have before us. On reflection, this provision was felt to be too sweeping, and the bill reflects this change of view, but the power still resides in the Anti-Inflation Board to add certain sectors where employees and/or employers engage in industry-wide bargaining. The board will have real power in cases where certain groups are deemed to be of strategic importance.

The next provision in the bill is for the establishment of the Anti-Inflation Board. As honourable senators know, this board has been established on an interim basis by order in council under the Inquiries Act until it can be constituted under authority of this legislation.

The Anti-Inflation Board is to monitor movements in prices, profits, compensation and dividends in relation to the guidelines, identify those which would contravene the guidelines in fact or in spirit, and try to persuade the parties to come into line. If unsuccessful, it would be empowered to refer cases to the administrator for further action.

In carrying out these duties, the board will exercise all of the powers of a person appointed as a commissioner under part I of the Inquiries Act, and certain additional powers to obtain information.

Groups subject to the legal enforcement of restraint are required to keep the necessary records and accounts.

Either the board or the Governor in Council may refer cases to the administrator. It is this officer who, under the act, has the power to order that the guidelines be adhered to. He may require that amounts charged in excess of the guidelines be returned to the buyer, if that is possible, or be paid over to the Crown.

The bill, in addition, empowers the administrator to levy a penalty of 25 per cent of the amount by which revenues received, or compensation or dividends paid, contravened the guidelines, where the person knowingly contravened, or conspired knowingly to contravene, the guidelines.

[Senator Perrault.]

The bill provides more serious penalties, including fines and imprisonment, for failure to comply with an order of the administrator, for failure to keep appropriate records, and for misrepresentation.

Orders of the administrator may be appealed to the Anti-Inflation Appeal Tribunal, also established under this bill, the decisions of which may be appealed on points of law to the Federal Court of Appeal. The administrator's orders may also be changed or rescinded by the Governor in Council.

● (1440)

The Anti-inflation Board will report to the Minister of Consumer and Corporate Affairs; the administrator to the Minister of National Revenue; and the appeal tribunal to the Minister of Justice.

The decision to establish a separate board and administrator requires, perhaps, some comment. Their functions could have been performed by a single body, but it is our feeling that it would be preferable to divide responsibility.

The role of the Anti-Inflation Board goes considerably beyond that of ensuring compliance with the guidelines by those sectors of the economy subject to enforcement. It is the view of the government that it can better fulfil that role if it is not called on to act at one and the same time as judge and jury.

The board will be the persuader, while the administrator will be the enforcer—and in using those words, both of which have a rather ominous ring, may I suggest that the persuading and the enforcing is to be done on behalf of the Canadian people, especially those least able to protect themselves. Moreover, a very important part of the board's function is to monitor the whole program and to promote public understanding of what is going on by publishing reports, holding hearings, and generally informing and persuading the public. It will not necessarily confine its interest to the activities of those groups covered by the enforcement provisions. The administrator will concern himself with a much more limited area, and his role will be more judicial in nature.

These, then, are the principal features of Bill C-73. It is innovative in its provisions and the machinery which it sets up in that it is designed to maximize the potential for voluntary compliance. While it contains stiff penalties for those deliberately contravening an express order of the administrator, or engaging in misrepresentation, it clearly provides that those attempting to comply with the spirit of the guidelines can proceed to make decisions and take action without fear of a severely punitive response should the Anti-Inflation Board disagree with their interpretation of the guidelines.

May I suggest that the success of this program is of vital importance to us, regardless of where we live in this country or regardless of our political beliefs. We may have honest and legitimate differences and misunderstandings about the bill or certain of its provisions, but no one can deny the need for strong action and strong leadership by governments at all levels and of all political persuasions at this time in Canadian history. We have seen throughout the world all too many instances of countries where economic circumstances have been such that no strong government leadership has been available to avert or prevent

economic disaster. We know from the experience of others that it is also important for governments to know when to act and to be able to act in time.

Senator Asselin: And not too late.

Senator Perrault: There is a great challenge before all Canadians today. Some will say that the government acted too late, and they are entitled to their opinion. That view constitutes, legitimate political dissent. However, no one can question the economic facts of life which exist today. The United States, which competes in many areas for export markets, has average wage settlements currently of 7.9 per cent, with an increase in productivity in the order of 11 per cent. Productivity in Canada, as I said earlier, is zero, and wage settlements are in the area of 18 to 20 per cent, with an inflation rate of 12 per cent. We cannot exist long in that kind of situation without a severe economic dislocation down the line.

The Canadian people should know that the government does not regard the programs as being perfect. Many people have said that the program represents rough justice. There is no question that justice is rougher for some groups than for others, but the rough injustice of continuing inflation is substantially more disastrous than any of the so-called rough justice contained in the program. I think that all of us, including parliamentarians, have a responsibility to improve the legislation insofar as possible so that it works better and is as equitable as possible, as just as possible, under the circumstances.

Many groups across the country are asking to be exempted. There are some interesting letters arriving at government desks these days. Typically, some read as follows:

Dear Sirs: We stand four square and fully in support of this program. We think it is time to act in the interests of all Canadians. However, because we occupy a rather unique position in the economic spectrum in this country we ask that our group be exempt.

If the government exempts all groups which believe they occupy a unique place in the economic spectrum of this country, we will not have any program at all. The program should apply to all—and, yes, we parliamentarians have to start by showing leadership to the Canadian people. There must be restraint on the part of members of Parliament, whether in this chamber or in the other place, and restraint insofar as it is possible to achieve cutbacks in government expenditures without doing grievous damage to the great social programs which have been initiated by this and preceding governments.

Unless we make the idea of restraint applicable to government activities, the activities of this chamber and the other place, we cannot expect very many Canadians to participate in the battle against inflation. I have learned from the many meetings I have attended across this country in relation to the program that the people want something done about the problem of inflation. Most of them want to join in the fight against inflation. In a sense, they want to know where the recruiting office is to join the fight. We, as parliamentarians, must make sure, when they arrive at those "recruiting offices", that we ourselves have provided an example for them to follow.

We have all listened with a great deal of interest to the debate on the proposals contained in the White Paper

entitled *Attack on Inflation* which has taken place in this chamber. A number of senators made excellent suggestions during the course of the debate. I can only say that as far as the government is concerned there is to be no rigid approach to this program in the months to come. If the program is shown to be deficient in some areas in the months ahead, if it is shown to have weaknesses, and if it can be made more equitable, the government will act to bring about improvements. Now, however, we have a great task in front of us—to make the program work.

One encouraging fact about the program since it was announced on Thanksgiving Day is that provincial governments, regardless of their political persuasion, have been very cooperative—and they range from Progressive Conservative to Liberal to New Democratic governments. All provincial governments are seized with the sense of urgency, and they are cooperating with the federal government in respect of those areas where they have a responsibility.

In closing, I urge honourable senators to support this bill. It is to be hoped that a number of honourable senators will participate in the debate to follow.

Senator Greene: Will the honourable senator permit a question? Can he enlighten me, and possibly other senators who may have an equal interest, as to how the Anti-Inflation Board was able to make a ruling with respect to the Toronto high school teachers' settlement prior to the passage of this bill?

Apparently, it merely acted on the authority of the order in council under the Inquiries Act, which gives the board no authority to anticipate its authority under this proposed act.

I also ask that question in the light of the fact that education is clearly a provincial matter constitutionally, and there is no Ontario legislation delegating its authority under the Constitution vis-à-vis education to the federal Parliament.

• (1450)

Senator Perrault: May I offer only opinion at this stage? The provincial governments and their entities are included in the program. Negotiations have been conducted with provincial governments to determine how the program shall be implemented, and whether the federal Anti-Inflation Board shall be given the responsibility of applying certain guidelines in some provinces or whether this responsibility shall be provincial. I understand, for example, that in Quebec a parallel provincial board has been established, or is in the process of being established, to enforce the federally prescribed guidelines in that province. I understand that the Maritime provinces have designated the federal board as the guidelines "enforcer" in areas for which they may have responsibility.

In the case of the Toronto high school teachers, I would be pleased to attempt to obtain a precise answer from the board for the honourable senator. It may well be that only an opinion has been sought from Mr. Pepin. Mr. Pepin may have given this opinion, and that is all it may represent at this time.

I can tell the honourable senator that the trustees associations and the teachers of British Columbia have similarly approached the board to ask how the federal guidelines would apply to their salary negotiations in that province,

presumably in view of the fact that the Minister of Education of British Columbia has stated that the federal guidelines will apply. In other words, the Minister of Education for British Columbia seems, in effect, to have said, "The federal guidelines will apply in British Columbia's school system," and these groups say, "If that is the case, how do the Anti-Inflation Board guidelines apply in our situation?" This is probably what has happened in the case of British Columbia.

Senator Greene: The honourable leader would probably agree that a province cannot divest itself of its constitutional responsibilities merely by some decision of the then government. At the very least, they must have legislation if they are going to delegate their constitutional responsibility to the federal government.

Senator Perrault: I do not want to get into any constitutional whirlpools at this stage.

Senator Grosart: Perhaps you are in one.

Senator Perrault: I can assure the honourable senator that the legislation has been developed in the firm belief that the federal government is acting in a constitutional manner. We believe that the British North America Act fully permits the action we are taking in the public interest and under present conditions.

I now have further information with respect to the Toronto teachers' situation. This substantiates what I said earlier. The Anti-Inflation Board has simply indicated how, in its opinion, it will react, when the agreement is signed in Ontario, after the bill is passed. Mr. Pepin, then, has given an opinion.

Senator Flynn: And when Ontario has delegated its power. It has not done so yet.

Senator Perrault: The reaction of the provinces has varied, of course. Quebec, for example, has already set in motion its own machinery. I frankly do not know the precise position of Ontario at this time. The teachers' salary opinion, however, was apparently sought from the board, in view of the fact that the Minister of Education for Ontario indicated that the Anti-Inflation Board's ruling would prevail in Ontario. I think that is the best answer that can be given at this time.

Senator Forsey: May I ask a supplementary question at this point? Is it not true that the legal advisers of the Government of Ontario have said that Ontario legislation is not necessary for this purpose? Presumably the law officers of the Crown in Ontario have some warrant for saying this, and are not just giving this opinion out of the stratosphere or making an offhand observation.

Senator Perrault: In view of the honourable senator's expertise in this matter, I very much appreciate the opinion he has given the house. I do not have the precise details of any official statement at this time.

Senator Forsey: I am only repeating what I have read in the newspapers, which is perhaps rather hazardous. I understand that the law officers of the Crown in Ontario have ventured the opinion that no legislation is necessary in this instance. I should have thought that if the legislation before us is valid, then the opinion of the law officers of the Crown of Ontario is probably valid also.

Senator Flynn: By order in council?

[Senator Perrault.]

Senator Perrault: It is very gratifying to know that the Progressive Conservative Government of Ontario has been most cooperative since the inception of this program. We hope it is a happy omen for things to come in this chamber.

Senator Grosart: And a happy omen for the Progressive Conservative Government in Ontario. Has the government received an express opinion from the law officers of the Crown that all the measures proposed in this legislation are constitutional within the meaning of the British North America Act?

Senator Perrault: This has, of course, been given a great deal of careful study by the government, and we have obtained an assurance that the actions delineated in the bill before us are within the power of the federal government under the terms of the British North America Act. There is no question in our minds about the legality of the proposed legislation.

Senator Grosart: I was asking if there was an opinion. I now ask if that was a written opinion by the law officers of the Crown.

Senator Perrault: I can only undertake to obtain that information. I would be pleased to report to the chamber before the debate on second reading is concluded.

Senator Smith (Colchester): I should like to ask the honourable senator a question about the professions. Has some progress been made in negotiations with the provinces towards means by which these guidelines would be enforced in relation to the professions?

Senator Perrault: Yes, there have been extensive meetings with the provinces. In most cases, of course, as the honourable senator is aware because of his extensive experience in provincial affairs, provincial governments deal on a day-by-day basis with professional associations, such as those governing doctors, lawyers and architects. Conversations have been going on with the provincial governments with respect to, for example, the percentage increases in professional fees that may be earned by the various professions, and their relationship to the guidelines that have been accepted by the provinces.

Senator Smith (Colchester): May I ask a supplementary question? Have any tentative conclusions been reached with the provinces on the means by which the guidelines will be enforced—that is to say, how it will be determined whether an architect shall be permitted to earn over \$2,400 more than he did last year?

Senator Perrault: Generally, the principle enshrined in both the White Paper and the bill before us is that when it can be demonstrated that there has been greater productivity, where more work has been done to warrant an increase in compensation, then that increase in compensation shall be permitted. However, if for the same amount of work done in, for example, 1974 it is proposed that a person in one of the professions is to have, say, a 15 per cent increase in income that is clearly in violation of the guidelines.

● (1500)

I think honourable senators will agree that the idea of the program should not be, and must not be, to discourage productivity. If we are going to beat the problem of inflation, it is going to be by increasing productivity, not only

by manufacturing companies and by industries but by those in the professions and those who work on assembly lines, artisans, and so forth. We do not want to discourage those people who want to invest more of their time, creativity and honest energy in increasing their own productivity. Let me put it this way because I want to choose my words as accurately as possible: Inordinate compensation, well outside the guidelines, should not be paid where productivity has not been increased, and prices should not be increased beyond levels justified by legitimate cost increases. These are two important goals of the program.

Senator Smith (Colchester): I wonder if the patience of the honourable leader and other senators would permit me to ask one further supplementary question.

I understand what the leader has said because that is apparent in the material available. What concerns me, and what I am seeking clarification on, is whether any arrangements or agreements or understandings have been reached with any of the provinces as to how this question of productivity will be measured or determined in relation to professions.

Senator Perrault: That is the subject of the meetings now being held with the provinces, and also with the professions themselves. I would say that to this time there has been good cooperation from the professions across the country, the members of which are just as concerned about the trend in the economy as any other sector. As far as details with regard to precise regulations and measurement of productivity are concerned, I am unable to present them at this time. They are now under development.

The honourable senator is well aware of the time it often takes to develop regulations in connection with legislation. I will undertake to obtain as much current information as I can on the status of the professions, hopefully by the first of the week. With the permission of the Senate, I will provide that detail later.

Senator Bélisle: Would you please?

Senator Smith (Colchester): Thank you very much.

[Translation]

Hon. Martial Asselin: Honourable senators, I have paid very close attention to the speech which the Leader of the Government has made concerning Bill C-73.

Indeed, he has voiced arguments which I endorse, but his entire speech, in my opinion, faithfully reflects the admission by the government he represents, and I mean it, the admission of its inability during the past five years, to foresee today's economic problems and to cope with them at an earlier date.

The gist of the speech delivered by the Leader of the Government is this admission of the failure of his government during the last five or six years to develop policies and control inflation.

The bill we have before us is extremely important. I think that a good many senators will have the opportunity during this second reading debate to express their views on the matter.

Our party, honourable senators, will support the principle of the bill on second reading. We did so in the other place because we agreed with the government's intention of taking direct and strong action in order to check the

ever increasing inflation which prevails in Canada at the present time. We supported this bill in the other place because we were consistent with the position we took during the 1974 election campaign. It will be recalled, all too vividly, that during that campaign our party and our leader had honestly presented to the public a formula for freezing prices and salaries as a means to curb inflation.

Apparently, our message was not understood and that cost us the 1974 election. But, even so, we came out stronger from that election campaign. Our credibility has increased, especially since this government has admitted that our economic situation is precarious and bordering on bankruptcy. This is the reason why today we are discussing what I would call late-coming and hasty measures that have so many built-in defects as regards their implementation, and that will create, as I said earlier, serious social inequities within various groups of our society.

The bill introduced by this government is going to create in our country a real economic dictatorship. It looks like wartime. Yes, it does look like wartime. The measures implemented by the government during wartime to control prices did not involve greater powers than the ones now being provided under this legislation. It is a sad thing that in peacetime we should have an emergency measure forced upon us. As I said earlier, there was legislation during the war which generated extremely serious inequities in its implementation. Yes, economic dictatorship stems from extraordinary powers of economic planning and selectivity assumed by the government and the anti-inflation board it is setting up. Never, under such legislation, has the government assumed so much discretion and power in controlling our economy. They want to restrict everybody's expenses except their own, which have been increasing at an alarming rate in the last few years.

I have already raised this issue during the debate on the White Paper and I intended not to repeat myself but, as the government did not answer to the Official Opposition in the other place, I think I should add a little to what has already been said.

When the problem is put to the government regarding its spending, they do not answer, they do not want to commit themselves, they are reluctant to say whether the expenditures will be cut down. And this afternoon the government leader said that under the guidelines of the White Paper and also according to that legislation, the government has pledged to cut down its expenditures. But we still have no proof this year that they intend to do so. We are not indeed the only ones to blame the government for its extravagant spending. Even Liberal members of the other place did, as well as senators in this very house, and I would like to remind my honourable friend, Senator Lang, with his permission, what he said on November 24, 1975, as recorded on page 1447 of *Hansard*:

Canadian governments at all levels have increased their spending by 300 per cent in the last decade; that is, from \$14.9 billion in 1964 to \$60 billion last year. In terms of the gross national product, that represents an increase from 31 per cent to 39.3 per cent. In other words, Canadian governments today at all levels control close to \$40 of every \$100 spent on goods and services in the country.

Statistics for 1973, being the latest available, show that such percentage government spending is only exceeded by Sweden and Holland, and statistics for 1975 will, in all likelihood, show Canada to be among the highest government spenders, in the Western world.

And Senator Lang concludes by saying:

At the federal level, last June's budget forecast a deficit of \$4.3 billion for our next fiscal year. Indeed, it looks like \$6 billion, and many economists are predicting that we will reach \$7 billion. Canada's federal spending in the first half of the 1975-76 fiscal year is up a whopping 30 per cent over last year. Our net public debt has risen from \$18 billion in 1975 to \$25 billion in 1976.

● (1510)

It is a Liberal senator on the government side who speaks thus, as well as the members of the Opposition in the other place. When the government is blamed for its extravagant spending, what is required is a "commitment from the government to restrain the spending", as did the Leader of the Opposition this afternoon. It is only a commitment and not a formal decision to restrain its wasteful spending. It is quite clear, and we must not conceal it, that the government refuses to follow suit since it did not take the lead in this fight against inflation. The main culprit is the government.

Bill C-73 in its present form tries to apply controls over every one of us, but the government gets exempted from the legislation. There is no control on government spending under that legislation though some amendments were moved in the other place asking the government to agree to its expenditures being subject to the scrutiny of the Anti-Inflation Board. That amendment was rejected, of course.

The spending habits of the government and its expenditures which have increased by 300 per cent since 1965, according to distinguished economists, have been among the major and determining factors of spiralling inflation. We have no reason to believe that the government was sincere when, in its June 3 budget, it promised to restrain its spending, while the current fiscal year shows \$1.7 billion in additional expenditures.

Honourable senators, is it any wonder, in view of the spending habits of the government, that Mr. Turner resigned as Minister of Finance? I feel that the main reason why the then Minister of Finance resigned was the Cabinet's refusal to follow his guidelines on restraint in government spending.

The first point that I wanted to make is that the government is not subject to any control when all other sectors of the Canadian economy are; there is no control for the government.

The Leader of the Government dealt this afternoon with the three-year period during which the legislation would be in force. Indeed, they tried in the other place, as businessmen and others did in Canada, to convince the government to limit the scope of the legislation to 18 months. This means that during the next three years, the government and the Anti-Inflation Board will be able to make any decision they want on the economic level without consulting Parliament, without reporting, without having Parlia-

[Senator Asselin.]

ment assess the results of this wage and price control legislation. Never has any government of a democratic country asked Parliament for a blank cheque of such magnitude.

That is why, since the government rejected our proposal to limit to eighteen months the application of the legislation and reassess the situation later on, the Official Opposition is adamant, because it would be giving the government extraordinary powers concerning the control of the Canadian economy. Furthermore, Mr. Stanfield said the following about the eighteen-month period:

We believe that a bill and a program of this nature limited to 18 months would be less divisive in the country and less susceptible to dogmatic, negative reaction and rejection.

He added further on:

... if we do not break the psychological aspect of inflation in 18 months we are not likely to make much headway under price and wage controls after that in a further 21-month period, when all the imperfections and problems inherent in controls programs are really coming home to roost and really reinforcing resentments.

So the 18-month limit to allow for a reassessment of the anti-inflation program of the government was refused. That means that the government, through the Anti-Inflation Board, will be able to take all decisions based on Bill C-73 during three years. Moreover, only after three years will the government determine whether it has been successful or not, without even consulting Parliament, the elected representatives. It is extremely undemocratic. I feel we are not the only ones who voted against this bill on third reading. The whole opposition—the Conservatives, the Social Crediters and the New Democrats—voted against it on third reading.

Senator Denis: Except George Hees.

[English]

Senator Perrault: George Hees knows something about trade and commerce.

Senator Asselin: I will come to that later.

[Translation]

It is true that a member from our party voted with the government. But I would remind the Leader of the Government that some forty Liberal members did not show up in the House. Either they were ill or they were hiding.

● (1520)

[English]

Senator Perrault: Fighting inflation!

[Translation]

Senator Asselin: Out of 150 members, there were only 110 Liberals in the House. Does this not mean that at least 40 Liberal members would not support the government and vote for that bill?

Senator Denis: Were there not also some Conservative members who were ill or away?

Senator Asselin: Not many Conservatives were absent, we were there. There were not many Conservatives miss-

ing, but 40 Liberals did not show up in the House; either they were hiding or they simply were not there.

Senator Denis: You should have kept track of the Tories.

Senator Asselin: At any rate, they were not there to support such an important bill. And I think that when a majority government, with 150 members in the House, moves the adoption of such an important legislation, it should ask all its members for their full support.

[English]

Senator Choquette: Why are your front benchers not here today on an important matter like this? Where are they?

Senator Denis: Why did you count the Liberals and not the Tories? Be fair, at least.

[Translation]

Senator Asselin: This legislation also—did Senator Denis have a question?

Senator Denis: Yes. I have. Why did you not count the members absent or ill among the Conservatives as well as among the Liberals, to be fair?

Senator Asselin: I only take the results of the vote. You now have 150 members in the House of Commons but the fact is that 40 of them did not vote because of illness or for other reasons, but they did not give any reason for not having voted. They should have showed up to support the government and vote for such an important piece of legislation. As for the members absent among the Conservatives, I leave it to Senator Denis to make his own inquiry.

Senator Forsey: Would the honourable senator allow a question? Were not a few members paired, because I think this practice still exists? Paired members?

Senator Asselin: I heard that since the last election there has been no question of pairing with the Official Opposition. To my knowledge, that is the practice. However, it would be better to consult both the Liberal and the Conservative Whips, as they could tell you better than I could.

Senator Forsey: I consulted them and I think it still exists.

Senator Asselin: In any case, I interpret the facts and they speak for themselves.

This legislation again leaves it to civil servants, to bureaucrats, to make extremely important decisions for the economy of our country.

So, I say that the administration of this legislation will again require an extremely heavy bureaucracy. Once again, they are the ones who will make the important decisions and not Parliament which, from time to time, as I said earlier, should be informed about the application of the act and its developments in order to give some guidelines to this board.

● (1530)

Honourable senators, if you look at clause 20 of the bill, you will find that this board has extraordinary powers, powers of inquisition, and I am afraid of that. It has the same powers than those provided under the Department of National Revenue Act. It means that tomorrow morning,

they can come into an office, seize all books and ledgers and take them away. What I think is a serious shortcoming in this legislation is the fact that although orders issued by the administrator may be appealed, such appeals are allowed only on matters of law, not on matters of fact. So this is a denial of the Bill of Rights—a denial of the right of an accused individual to the full protection of his rights—because only matters of law, not fact, may be raised before the Appeal Tribunal.

What is even worse and seriously concerns the general public as well as several members of Parliament is that the government, as they have done in the past, have not yet published those regulations.

Clause 39, on page 29, reads as follows:

Regulations

39. The Governor in Council may make regulations for carrying out the purposes and provisions of this Act and prescribing anything that, pursuant to any provision of this Act, is to be prescribed by the regulations.

So this means that the Governor in Council may make regulations that could go beyond the legislation. He may then have Parliament pass new regulations under Bill C-73 for the purpose of making good the shortcomings that will become obvious when the legislation is implemented. But this government has always ignored the request of members of the other House to come forward with the regulations to be enacted under that legislation. There are questions about whether the regulations will be in accordance with Bill C-73 or whether they will go beyond the purview of the provisions of Bill C-73. It is for that reason also that members of the Opposition have voted against this legislation.

Senator Forsey: We still have that famous joint committee.

Senator Asselin: I am not discussing that.

[English]

Senator Perrault: Would the honourable senator permit a question? Is he suggesting that the regulations should be tabled simultaneously with the passage of the proposed legislation through the house? If that were done it would establish a precedent for Parliament. The act itself authorizes the establishment of regulations, and it cannot be expected that these are going to be known in detail until the legislation has been dealt with.

Senator Grosart: Nonsense.

Senator Asselin: The problem is always the same. This question has been discussed many times before in the Senate, especially by Senator Grosart and the Leader of the Opposition. There is nothing wrong with the government's producing a draft of regulations that will apply to a bill that is before the House of Commons or the Senate. There is nothing wrong with that. Members of Parliament would then know what the regulations are about, and whether they are consonant with the provisions of the proposed act.

[Translation]

I do not feel this is creating a precedent. It was requested, but the government have always refused. That is the

reason why very often legislation enacted by Parliament has its main features altered through regulations approved by the Governor in Council. This is obviously what the Opposition and certain members of Parliament are objecting to.

As I said, we are opposing this bill because the regulations will be giving extraordinary powers to the Governor in Council. In addition, since those regulations have not been made available, our main objection is to clause 39.

However, in order to mitigate the anti-democratic consequences of the bill, the Minister of Finance insisted on keeping clause 46 as amended, notwithstanding the numerous amendments moved by Official Opposition members of course.

Clause 46 provided the following:

46. (2) This Act expires on December 31, 1978, or on such earlier date as may be fixed by proclamation unless, before December 31, 1978 or any earlier date fixed by proclamation, an Order in Council is made to the effect that this Act shall continue in force for such period of time as may be set out in the Order in Council.

This means that the act will be in force for the next three years. We asked that this be reduced to 18 months, as I said earlier. We explained our reasons for suggesting this reduction from three years to 18 months. But the government refused. However, the Minister of Finance managed to move an amendment to clause 46, which reads as follows:

(6) Where, at any time after March 31, 1977 and before July 1, 1977, a motion for the consideration of the House of Commons, signed by not less than 50 members of the House, is filed with the Speaker to the effect that this Act shall expire on a date before December 31, 1978 that is specified in the motion, the House of Commons shall, within the first fifteen days next after the motion is filed that the House is sitting, in accordance with the Rules of the House, take up and consider the motion, and if the motion, with or without amendments, is approved by the House, this Act expires on the date that is specified in the motion.

This is the Trojan horse that the Minister of Finance wanted to sell to us by saying that, to tone down the legislation, if between March 31, 1977, and July 1, 1977, at least 50 members of Parliament sign a motion saying that they want to reassess the law, this motion will immediately be filed with the Speaker to be examined by the House. But, with their majority, how can the government accept this? It is obvious that even if 50 members of Parliament produced such a motion before the House, it would not be accepted by the majority government in the House of Commons. I therefore say that the Minister of Finance wanted to play a trick on us.

During the discussion on the White Paper, we said that it was obvious that small wage earners would again have to pay, and this afternoon, my colleague, Senator Smith (Colchester) raised certain questions which will be dealt with later by my colleagues on this side of the House. Under Bill C-73, companies with 500 employees are subject to the legislation, as well as construction companies with at least 20 employees. But the other companies with only 200, 100

or 50 employees and which are not construction companies will not be subject to the law.

● (1540)

[English]

Senator Perrault: They come under the guidelines.

[Translation]

Senator Asselin: I see no provision in the legislation which would allow the Anti-Inflation Board to deal with companies having 300 or 400 employees or even those having 500 employees. However, if these people work for a construction company having 20 employees, they will be subject to the legislation. The Leader of the Government will say that the government will catch them through their income; it will catch them indirectly because they will not be allowed this or that increase. But if they work for a company having 400 employees, which is just as important, they will not be subject to the legislation. We shall need more details from the government members before we can make a decision on this legislation.

[English]

Senator Perrault: It is possible.

[Translation]

Senator Asselin: Very well.

This afternoon, Senator Smith (Colchester) asked a few questions concerning the professional people. How will we control the income of doctors, architects, lawyers, engineers? How will we do this? We would like to know this afternoon whether the provinces will also cooperate and set up control boards. But until now I have not noted any large-scale cooperation on the part of the provinces. The provinces have not yet committed themselves. They have not yet started setting up their control boards. The Leader of the Government says yes. In any case, not in my province, not in Quebec; it was done in Ontario before the legislation was introduced, but since the bill was introduced in the House the provincial governments have refused to do so and have indicated that they are against this legislation. I understand that the provincial governments do not want to commit themselves in setting up immediately their own control boards and control mechanisms without knowing what regulations the government will introduce, because otherwise they will be acting haphazardly.

[English]

Senator Perrault: Would the honourable senator permit a question? Is he prepared to name any one province which has expressed outright opposition to the guideline program?

Senator Asselin: I am not talking about the guidelines; I am talking about the law. They are not the same. We are studying the law today. Two weeks ago you tabled the guidelines in the Senate, and we discussed the guidelines. We have to make a distinction between the guidelines and the law. Today we are studying Bill C-73, and we are not studying the guidelines proposed by the government.

Senator Perrault: The same consideration applies. I think it is rather a mischievous suggestion for the senator to make. There is no provincial government which has expressed outright opposition to the guidelines or the law.

[Senator Asselin.]

Some have put forward suggestions for change and improvement, as we should be doing in this chamber.

[Translation]

Senator Asselin: The ministers of provincial governments were asked whether they had already established control systems, except the minister of the province of British Columbia, where it has been done already because an election is to take place there soon and the Barrett government was anxious to attract votes. Let anyone name one provincial government that has already established a system of control for professionals. Can the government leader name one? If he will not answer, I shall ask him a question.

[English]

Senator Perrault: I do not want to engage in an argument.

Senator Grosart: Is this a question?

Senator Perrault: I am listening with rapt attention to the honourable senator's speech, and I do not want to enter into a debate with him. But I earnestly seek to enable him to understand how the anti-inflation program is to work with the provinces. Some provinces have a different approach to the federal guidelines than have other provinces. Some may elect to establish their own boards, and others may elect to have the federal board enforce the guidelines in their respective provinces. I am suggesting we are in an evolutionary stage with respect to implementation.

Senator Grosart: And I am wondering if the Leader of the Government is aware that we have a rule in the Senate that a senator may not speak twice on the same subject. He was not asking a question.

Senator Perrault: I hope the honourable senator's amplification equipment is working properly. I was asked to make an observation, and I always endeavour to respond to requests of that kind.

Senator Grosart: You are breaking the rules all the same.

[Translation]

Senator Asselin: My answer to the government leader is that I think my statement is clear. I said and I repeat that provincial governments as yet have not set up any control systems under their jurisdiction. Some provinces may want to trust the federal board to implement guidelines in their territories. I hope those provinces will think it over before transferring to the federal government jurisdictions which are their own, because once those jurisdictions have been transferred to the federal government we know from past experience the provinces will never recover them. I therefore urge the provinces which want to set up a control system to do it themselves in their territories and under their own jurisdiction. Let them set up their own control boards with their own funds, let them not beg for federal grants besides using the federal system to control matters under provincial jurisdictions.

As I said in the beginning, it is evident that this legislation will create social injustices, an alarming unrest and climate, particularly among the middle classes, specially labour. Of course, as much as the government members, we

in the Opposition do not condone the irresponsible attitude of a few labour leaders who urge their members to go on a general strike to protest against the law. We appeal to the common sense of labour leaders and of their members in order that they do not go on a general strike because the economic situation could grow worse. Today it has been announced that they had voted \$500,000 to launch a general strike and to fight the anti-inflation legislation. The QLF is now holding its convention in the province of Quebec and the workers were asked to pass a resolution endorsing a general strike. However, I am happy to learn that the rank and file have turned down that resolution. They watered it down so much that they said to their leaders: "Before you oppose the law and call a general strike, before protesting against the law, make every possible instance to the federal government".

I believe that it would be useful if the Right Honourable Prime Minister, and the Minister of Finance—considering that this watered down resolution was adopted at the QLF convention in Quebec City—were again to ask the labour leaders to meet the federal government to discuss the administration of this legislation in order to convince them that they will do a disservice to their country and to their members if they call a general strike to oppose the law.

We do not suggest that everything in the legislation is bad. We have so many major objections that it will probably be impossible for the members of the Official Opposition in the Senate to vote for it. I say that the bill is unfair and vague in certain fields. It will cause irrevocable damage in certain segments of society. This legislation also comes too late, because the government, in my opinion, has allowed economic conditions to deteriorate for a year while the Opposition claimed it was time to act. It has allowed prices and salaries to increase tremendously without taking the necessary corrective action demanded by the Opposition. That is why I feel it is our duty and responsibility as the Official Opposition to demand more humane legislation, better suited to our economic context, especially if the government leader is more reasonable than the leader in the other place who systematically rejected all the amendments of the Opposition. And if the leader and his team are ready to amend the legislation as suggested either in committee or on second reading, the Opposition might reconsider its position as far as voting is concerned. However, we do not find the bill satisfactory in its present form and we shall therefore assume our responsibilities and vote against it.

● (1550)

[English]

On motion of Senator Austin, debate adjourned.

NORTH ATLANTIC ASSEMBLY

TWENTY-FIRST ANNUAL SESSION, COPENHAGEN, DENMARK—
DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator McDonald calling the attention of the Senate to the Twenty-first Annual Session of the North Atlantic Assembly, held in Copenhagen, Denmark, from 21st to 26th September, 1975, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

Hon. Paul Yuzyk: Honourable senators, having been a delegate to the Eighteenth Annual Session of the North Atlantic Assembly in Bonn, Germany, in 1972, and the Twentieth Annual Session in London, England, in 1974, I believe I am in a reasonably good position to assess the performance of the Canadian delegation, of which I was also a member, to the Twenty-first Annual Session in Copenhagen, Denmark, from September 21 to 26 this year. It is my opinion that this was one of the best performances of our delegations, at least in recent years. The principal reason for the better showing of this year's delegation was the fact that over one-half of the members had participated in last year's session and, therefore, possessed some valuable experience.

The delegates from the Senate were the same as last year—Senator A. H. McDonald, Senator Paul Lafond and myself. Such experience is necessary in dealing with the delegations from the European countries, which consist of many members who have been attending these sessions regularly for many years.

Also, this time we displayed much better team-work, under the able chairmanship of Mr. Paul Langlois, M.P., who last year had been elected treasurer of the North Atlantic Assembly. The excellent cooperation of the members of all the political parties in acting as Canadian spokesmen at the committee meetings and in the Assembly proved to be effective.

The United States delegation was rather small and weak this year and ours was comparatively large and strong. As a result, the Canadians emerged from this session with a stronger and more independent image.

I was assigned to the Political Committee, which exercises a powerful role in the North Atlantic Assembly, alongside that of the Military Committee, which was so ably reported on by Senator McDonald. The complex nature of the problems confronting NATO required long, intensive debates and discussions, and the Political Committee had longer sittings than other committees. We had to study reports, some confidential, on the situation in Portugal, Spain, the Middle East and the Eastern Mediterranean. These are the trouble areas for NATO. There were often wide differences of opinion in the approach to controversial problems.

One of these ticklish problems was Portugal, which last year, after the "democratic" revolution, was admitted to NATO. The unstable political situation in that country, now with its sixth government in that brief period, and particularly the aggressive acts of the Communist Party—supported materially by the Soviet Union, about which we received some evidence—is a cause of grave concern to the NATO countries. It is obvious that if the Communist Party got control of the government, Portugal would withdraw from NATO and pose a serious threat to the alliance.

The discussion in committee on the resolution on Portugal was a tense one. The socialist parties of the NATO countries sided with the socialist parties of Portugal, demanding that aid be provided directly to them. The Canadian delegation throughout maintained a democratic stance, opposing the pro-socialist orientation which was actively advocated by the socialist elements in delegations of several countries.

Senator Fournier (de Lanaudière): Would the honourable senator permit a question? When he says "socialist", does he mean "communist"?

Senator Yuzyk: No, the social-democratic parties, not the communist parties. We do not have any communist party represented in the NATO countries as yet.

In the end, our stance was adopted but not by as large a majority in the committee as we would have liked. The resolution which was adopted by the Assembly urges member countries to assist Portugal with the problem of refugees from Angola, to give immediate economic assistance to the country and,

—to give encouragement and support to the development of a genuine democratic process in Portugal, in order to give to all democratic parties equal chances for submitting themselves in free elections to the vote of the Portuguese people.

• (1600)

The debate on the resolution on Spain was also a heated one. General Franco's authoritarian government, which had been imposed on the Spanish people for 40 years, and particularly the recent court sentences which violate accepted civil liberties and human rights, came under severe criticism. The Political Committee noted the fact that Spain had been cooperating with the United States in the defence against possible Soviet aggression by allowing U.S. military installations on her soil, and stated that the improvement of relations between the alliance and Spain would be possible only if a democratic change took place in that country. The resolution urges member states of the alliance:

1. to refrain from any move which might be interpreted as a step to further the membership of Spain in the Alliance at the present moment;
2. to make clear that present conditions in Spain undermined all endeavours to improve relations between Spain and the Alliance.

On this question, the Canadian delegation opposed direct interference in Spanish internal affairs, which was advocated by the socialist alignment in the Assembly. In view of the recent developments in Spain, this proved to be a reasonable and far-sighted attitude. When King Juan Carlos assumed the reins of power after Franco's death recently, he announced that he would pursue a policy of gradual democratization and that Spain would apply for membership in NATO.

The resolution on the Middle East was not the subject of a heated debate, although there were differences of opinion on our approach to the Moslem-Christian conflict in Lebanon. It was decided to support the United States efforts, by political and economic means, to bring peace between Israel and Egypt through the Sinai agreement negotiated by the American Secretary of State, Henry Kissinger, and that member governments of NATO should "contribute their due share to the stabilization of the situation" inside Lebanon. The main concern here was the negative attitude of the Soviet Union to the Sinai agreement, and the aggressive reaction of some Arab governments.

Much time was spent by the Political Committee in analyzing the situation which is seriously endangering the southeastern flank of the alliance. Under consideration

came the possible points of confrontation that exist between the two allied countries, Greece and Turkey, particularly in regard to the precarious situation in Cyprus after the events of the summer of 1974. Because of our substantial participation in the UN peacekeeping forces in Cyprus, the Canadian role of neutrality and the promotion of meaningful negotiations was strongly evident. Members of our delegation talked positively with members of the delegations of both Greece and Turkey, which was greatly appreciated by both parties.

Our efforts helped the chairman of the Political Committee to sit down and discuss matters with the Greek and Turkish delegations, which subsequently forestalled a confrontation in the Assembly. Both the Greek and Turkish delegations supported the resolution in the Assembly, and refrained from discussing the issue on the floor. The resolution is that the Assembly "calls upon all parties concerned to encourage and facilitate the resumption of the inter-communal talks under the auspices of the Secretary-General of the United Nations and to ensure the respect of the independence, sovereignty, and territorial integrity of the Republic of Cyprus." An appeal is made to the political leaders of these countries to show "a spirit of reconciliation" and to find a solution to the problem of the refugees.

At two previous sessions of the North Atlantic Assembly, I was active in the Committee on Education, Cultural Affairs and Information and, consequently, I took an interest in the work of this committee. Here the main emphasis was on East-West relations, especially in the field of cultural exchanges, the free flow of information and people between the countries of both blocs, and human rights. Until recent years this committee had been the weakest in the Assembly, and in 1972 there was even talk of dissolving it. However the increased role of the Assembly in NATO matters and the consideration of détente gave a new lease to the Committee on Education, Cultural Affairs and Information. This year this committee came into greater prominence because of the signing of the Final Act of the Conference on Security and Co-operation in Europe by 35 states in Helsinki, Finland, on August 1. NATO countries had been directly involved in the work of this conference.

Consequently, the Helsinki Agreement was the subject of close scrutiny in the Committee on Education, Cultural Affairs and Information, as well as in the Political Committee. Both committees presented recommendations regarding détente, which were similar in content but different in wording and emphasis. The Drafting Committee thereupon tried to resolve this matter by presenting to the plenum a recommendation which was regarded as a compromise, but in reality was a watered-down version of the recommendation of both these committees.

This sparked off a tense debate on the floor of the Assembly. The spokesmen of both committees rejected the version of the recommendation which was presented by the Drafting Committee. Thereupon the chairman of the Assembly, Wayne L. Hays of the United States, asked the chairmen of these committees to agree upon a joint recommendation at the plenum, probably the first solution of its kind in the Assembly.

The joint recommendation was subsequently unanimously adopted by the Assembly. Following a preamble of 12 paragraphs, the North Atlantic Council is urged to

"pursue the objective of improving relations with the East" by making better known all aspects of "détente" and recognizing the existence of mutual interests. While deploring the fact that the Soviet Union has refused to accept the principle of balanced force reductions, and regretting the superabundance of conventional forces concentrated by the Warsaw Pact states in Eastern and Central Europe, which "endangers military stability and security in Europe and the progress of détente", the Assembly recommended pressure "with determination for progress in the MBFR talks in Vienna" as well as examination of all possible options.

Three points of the recommendation on East-West relations dealt with the Helsinki Agreement. Great emphasis was placed "on a comprehensive application of the Helsinki Principles", particularly on the free movement of people and information. The agreements and arrangements necessary for carrying out this agreement should be concluded as quickly as possible.

● (1610)

The most important request, however, to the member governments was that they "monitor carefully the implementation of human, cultural, educational and information obligations in the Helsinki Agreement so that a detailed accounting may be presented to the follow-up conference in Belgrade in June 1977."

Senator Forsey: Hear, hear!

Senator Yuzyk: Originally, the Committee on Education, Cultural Affairs and Information had proposed that member governments do the monitoring annually and report to the Assembly. Both committees recognized that "détente does not mean an end to deep political and ideological differences, nor the disappearance of areas of super-power competition", but it is at the present time "the only valid alternative to policies of crises and confrontation."

The exact texts of all the resolutions and recommendations—a total of 21—which were adopted by the North Atlantic Assembly at the Twenty-first Annual Session will, no doubt, be of interest to honourable senators and readers of the *Debates of the Senate*. For that reason, I should like permission to have the texts of the resolutions and recommendations of all five committees published as an appendix to *Hansard* of today's date.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of appendix see pp. 1517-1523)

Senator Yuzyk: Honourable senators, NATO is the bulwark of freedom and democracy in the world, the front line of defence against the aggression of totalitarian, imperialistic powers. Senator McDonald, in his speech in this chamber yesterday, presented us with extremely valuable information about the balance of forces. The power of the Soviet Union has been increasing at an alarmingly rapid pace, surpassing NATO's conventional forces and equipment. The Western democracies are today faced with the greatest threat since the inception of NATO, offset only partially by the rising power of Red China. This is no time for complacency. We must be alert and prepared for the worst eventuality. NATO must not be allowed to be

weakened, but must be strengthened in every respect. Consequently, Canada, rich in natural resources but vulnerable, must not lag behind. Our government must commit our country to a greater responsibility and role in the North Atlantic Alliance to keep this world safe for freedom and democracy.

On motion of Senator Lafond, debate adjourned.

THE CANADIAN ECONOMY

ATTACK ON INFLATION—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the White Paper entitled: "Attack on Inflation—a program of national action", together with a booklet giving the highlights of the Government's

anti-inflation program, both dated October 14, 1975, tabled in the Senate on Tuesday, 21st October, 1975.—
(Honourable Senator Petten).

Senator Petten: Honourable senators, I adjourned this debate in the event that some other honourable senator wished to participate in it. However, in light of the fact that we now have Bill C-73 before us, I feel we can consider this inquiry as having been debated.

Senator Flynn: Or is going to be.

Senator Langlois: We have it in a different form.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until Monday, December 8, at 2 p.m.

APPENDIX

(See p. 1515)

NORTH ATLANTIC ASSEMBLY

TEXTS OF RECOMMENDATIONS AND RESOLUTIONS ADOPTED AT
 TWENTY-FIRST ANNUAL SESSION, COPENHAGEN, DENMARK,
 SEPTEMBER 21 TO 26, 1975

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RECOMMENDATION 45

ON CO-ORDINATION OF NATIONAL ECONOMIC POLICIES

The Assembly,

Considering the impact of the world recession on the economies of Alliance member countries;

Deploring the complete lack of co-ordination between different national economic policies, which has further aggravated and prolonged the recession;

Noting the talks between the President of the United States, the President of France, the Prime Minister of the United Kingdom and the Chancellor of the Federal Republic of Germany, during the final session of the Conference on Security and Cooperation in Europe in July 1975 in Helsinki, on the necessity of socio-economic consultation and co-operation between their countries;

RECOMMENDS that the North Atlantic Council:

1. urge member governments of the Alliance to pursue the initiative taken by the four countries in Helsinki;
2. encourage all member governments to participate in further talks;
3. co-ordinate in this way the policies of member countries aimed at reanimating their economies and overcoming the recession and its social consequences.

RECOMMENDATION 46

ON THE EDUCATIONAL ACTIVITIES OF NATO

The Assembly,

Considering NATO'S limited activity in the field of education;

Concerned about the capacity of some governments to deal alone with the difficult problems in education today, such as declining enrolments, changing student demands, lack of financial support, and uncertainty about the future;

Recognizing the need for joint effort in various fields of educational policy among the members of the Alliance;

Recognizing also the need for the Alliance to be more than a defensive arrangement;

RECOMMENDS that the North Atlantic Council consider expanding the activities and responsibilities of its Cultural Relations Section into areas more directly concerned with education.

RECOMMENDATION 47

ON THE RESTRUCTURING OF NATO'S FORCES

The Assembly,

Concerned at the continued improvements in both quality and quantity of Warsaw Pact forces, particularly their offensive capabilities;

Recognizing the economic and social constraints on the defence expenditures of all member countries;

Recognizing the increasing necessity for member countries to review and reassess the structure, composition and

priorities of their armed forces, particularly regarding the use of reserve forces;

Concerned lest the unilateral action of one member should affect the cohesion and credibility of the collective defence effort;

Noting the losses, in terms of both finance and combat effectiveness of maintaining logistics as a national responsibility;

Noting the dependence of current NATO strategy on the rapid availability of substantial, combat ready reinforcements;

Noting the implications of the advances in weapon technology for tactical and strategic doctrines;

RECOMMENDS that the Defence Planning Committee of NATO:

1. examine closely the areas where the flexibility and combat capability of NATO's forces remain impaired;
2. emphasize the necessity of the integration of logistic responsibility, and inform the Military Committee of the North Atlantic Assembly of the obstacles inhibiting such a development;
3. examine the advantages to be gained from member countries deploying smaller divisional slices, and the consequent improvements in combat to support ratios;
4. consider the implications for the credibility of the NATO defence posture of a greater reliance on reserve forces, and in this respect inform the Military Committee of the Assembly of the likely effects for the capability of the Alliance of the recent force proposals by Belgium, the Netherlands and the Federal Republic of Germany;
5. urge those member governments considering altering the composition and structure of their forces to seek the maximum commonality with their Allies, and in this respect to inform the Military Committee of the Assembly of the effect on the commonality of command structures of the United Kingdom decision to abolish the brigade level of command;
6. assess whether the present arrangements for the provision of reinforcements, both to the Central Front and the Flanks, are adequate, and examine where improvements can be made;
7. examine the potential offered NATO by the exploitation of recent developments in advanced weapon technology.

RECOMMENDATION 48

ON THE EASTERN MEDITERRANEAN

The Assembly,

Recognizing that the continuing friction between Greece and Turkey damages the cohesion and credibility of the Alliance;

Concerned at the increase in Soviet power and influence in the area, particularly at sea, which has serious complications for the security of the Alliance;

Recognizing that a solution to the present crisis depends on a mutually acceptable settlement on Cyprus;

Regretting that the United States embargo has done nothing to further the prospects of a settlement on Cyprus, and in fact has hindered the possibility of agreement between the two sides;

Noting that the embargo will inevitably limit the effectiveness of the Turkish Armed Forces;

Regretting the Greek withdrawal from the NATO integrated command, and anxious that this decision should be reversed;

RECOMMENDS that the North Atlantic Council:

1. continue to give maximum attention to the problems of the region and to ensure that the framework of the Alliance continues to be available to both parties in order to secure a settlement to the dispute;
2. urge member countries to provide economic assistance to both Greece and Turkey;
3. examine specifically what measures can be taken by European members of the Alliance to assist Turkey to obtain the spare parts and equipment denied her under the embargo;
4. assess and evaluate Soviet policy and objectives in the area and their significance to the future security of the Southern Region.

RECOMMENDATION 49

ON THE RATIONALIZATION OF DEFENCE RESOURCES WITHIN THE ALLIANCE

The Assembly,

Recognising the budgetary constraints which continue to affect the abilities of member countries to sustain defence expenditure;

Concerned at the losses, both in financial terms and in combat effectiveness, to NATO's forces through the consistent failure to standardize equipment, as documented in the Callaghan Report;

Aware of the urgent need for closer Atlantic co-operation in the production and procurement of armaments;

Welcoming the statement in the May Ministerial Communiqué that the Ministers "agreed to pursue within the appropriate machinery the establishment of a two-way street between Europe and North America in defence equipment procurement, in order to promote a more cost effective use of resources and increased standardization of weapon systems";

Welcoming the Culver-Nunn Amendment as an excellent example for all member countries to follow;

Recognising the basic need for a greater harmonization of military doctrine among member countries in order to achieve common tactical concepts which will facilitate greater standardization and interoperability of weapon systems;

Noting that although total standardization is neither possible nor ideal, maximum interoperability is a crucial objective;

RECOMMENDS that the Defence Planning Committee of NATO:

1. give the maximum priority to the establishment of institutional machinery, with full political backing, which will facilitate effective North America-European co-operation in the production and procurement of armaments;
2. urge the Military Committee of NATO to play a more dominant role in the harmonization of military doctrine within the Alliance and in the establishing of common tactical concepts;
3. make full use of the possibilities offered by the F-104 replacement programme for the establishment of joint training and common logistic support;
4. in considering the possible purchase and deployment of an airborne early warning system for Europe, give priority to the full participation by NATO countries in the production and operation of such a system.

RECOMMENDATION 50
ON EAST-WEST RELATIONS

The Assembly,

Welcoming the continuing process of "détente" between East and West as the only valid alternative to policies of crises and confrontation;

Recognizing that the search for peace and stability in Europe is, of necessity, a gradual process which will continue to be affected by reverses and disruptions, as currently seen in certain aspects of United States-Soviet relations;

Emphasizing that "détente" is not a static condition but an evolutionary process that will require considerable patience and perseverance to reduce the hostility and suspicion still prevalent in both East and West;

Recognizing that "détente" does not mean an end to deep political and ideological differences, nor the disappearance of areas of super-power competition;

Believing, however, that there are many areas of common interest where co-operation and co-ordination can contribute to producing a more stable and peaceful environment;

Emphasizing that, therefore, "détente" urges moderation and restraint on all States while resolving controversial problems and conflicts between themselves and among others, as well as step by step liquidation of sources of tension;

Urging that the declarations adopted at the final session of the Conference on Security and Co-operation in Europe in Helsinki should be applied by all participant States fully and without reservation;

Mindful of the decision of the Sub-Committee on the Free Flow of Information to study the execution of the Third Basket agreements;

Emphasizing that the new political framework must now be supplemented by progress in the military field, notably by the balanced reductions in the levels of forces and armaments in Central Europe, in order to lower the level of military confrontation and secure a more stable relationship in Europe;

Regretting that the superabundance of conventional forces concentrated by the Warsaw Pact member States, in Eastern and Central Europe, especially by the Soviet Union, endangers military stability and security in Europe and the progress of détente;

Deploing that the Soviet Union so far has refused to accept the principle of balanced force reductions at the Vienna talks;

Recognizing the importance of "détente" to the countries of Eastern Europe, particularly with respect to the full application of human rights and the right of self-determination in this area;

RECOMMENDS that the North Atlantic Council:

1. pursue the objective of improving relations with the East on an energetic and constructive basis, and make better known all aspects of "détente";
2. recognise the existence of mutual interests between East and West and search for fields in which a commonality of interests with countries in Eastern Europe can be constructed;
3. insist on a comprehensive application of the Helsinki principles particularly regarding those clauses concerned with the free movement of people and information;
4. request member governments to monitor carefully the implementation of the human, cultural, educational and information obligations in the Helsinki Agreement so that a detailed accounting may be presented to the follow-up conference in Belgrade in June 1977;
5. emphasize the importance of concluding as quickly as possible the agreements and arrangements necessary for carrying out the Helsinki Agreement;
6. press with determination for progress in the MBFR talks in Vienna, and examine all possible options in order to secure this progress.

RECOMMENDATION 51
ON THE NATO SCIENCE COMMITTEE BUDGET

The Assembly,

Considering the evolution of the NATO Science Committee budget over the last five years;

Noting that the average annual increase in the budget has been 4.15%, whereas the average annual price index increase of combined Alliance countries has been 11.02%;

Underlining the success of the work of the NATO Science Committee and its recent developments, particularly in providing opportunities for the interchange of young scientists within the Atlantic Community, and its outstanding efforts in improving the environment within the countries of the Alliance;

RECOMMENDS that the North Atlantic Council:

1. study the budgetary problems of the Science Committee;
2. improve the budget for the coming years, taking into account the losses over the last five years.

RECOMMENDATION 52

ON INFORMATION ON THE ACTIVITIES OF THE COMMITTEE ON THE CHALLENGES OF MODERN SOCIETY (CCMS)

The Assembly,

Appreciative of the increasing interest on the part of the governments of Alliance member countries in the work of the Committee on the Challenges of Modern Society particularly in the pilot studies on energy;

Noting that follow-up action to the work of the Committee on the Challenges of Modern Society, is still far from being satisfactory;

Stressing that the distribution of information to the public in member countries of the Alliance on the work of the Committee on the Challenges of Modern Society should be improved;

RECOMMENDS that the North Atlantic Council:

1. study most attentively the follow-up given to the recommendations and resolutions formulated by the Committee on the Challenges of Modern Society and adopted by the Council;
2. provide the Committee on the Challenges of Modern Society with increased resources to enable it to publish more widely the results it has achieved.

RESOLUTION 30

ON THE WORLD ECONOMIC ORDER

The Assembly,

Considering the world-wide discussion concerning the current world economic order and the necessity for improvement;

Deploring the fact that the gap between rich and poor countries continues to grow;

Aware of the profound interdependence of relations between industrialized and developing countries;

Stressing that no one will benefit from confrontation and unilateral action;

Convinced that centrally administered economies, cartels and syndicates cannot provide a key to change in the world economic system, but will only lead to a bureaucratization of the world economy and to the "distribution" of poverty;

Desirous to find, in co-operation with the developing world, a joint basis for new economic growth for all countries and an economic system in which the world economic product is distributed in a more just and equitable way;

URGES the member governments of the Atlantic Alliance:

1. to co-ordinate their attitudes in world-wide negotiations as much as possible and to speak increasingly with one voice;
2. to offer developing countries substantial improvements in their economic relations with industrialized countries, based on the example of the Lomé Convention between the European Economic Community and ACP countries (Africa, Caribbean, Pacific);
3. in particular, provided that the developing countries have the political will to diversify their own economies, to offer a wider opening of industrialized coun-

tries' markets for manufactured goods, an effective stabilization scheme for their export earnings, more help for industrialization, more technology transfer and easier access to capital markets.

RESOLUTION 31

ON ECONOMIC AID TO PORTUGAL, GREECE AND TURKEY

The Assembly,

Noting that events in 1974 and 1975 have put Atlantic solidarity to the test and have shown that this solidarity cannot be restricted to mere military co-operation;

Stressing that military attack is not the only possible threat to a country, but that there is also economic decline leading to social and political unrest and to the danger of a take-over by extremists of either side;

Considering the current economic difficulties of Portugal, Greece and Turkey, and in particular problems such as industrialization, modernization of their economies, inflation, unemployment, balance of payments deficits, reliance on emigration and remittances of foreign currencies;

Aware of Portugal's specific problems in passing from dictatorship to democracy, i.e. transforming an old-fashioned economic apparatus, coping with the decolonization process and developing an adequate economic policy;

Mindful of Greece's efforts to overcome the economic consequences of seven years of dictatorship and to integrate its economy into a united Europe;

Aware of Turkey's interest in further developing its economic relations with other Alliance countries and pursuing its successful policy of internal development;

URGES the member governments of the Atlantic Alliance:

1. to abandon their shortsighted and politically erroneous wait-and-see attitude vis-à-vis Portugal, and to grant immediate and effective financial help to support the country's process of democratization;
2. to support the international economic integration of Portugal, Greece and Turkey by granting more loans and credits, by further opening national markets for imports from these three countries, and by encouraging investment to create new jobs in these countries.

RESOLUTIONS 32

ON WORLD MONETARY REFORM

The Assembly,

Noting the different steps taken so far to reform the world monetary system, in particular the recent decision to demonetize gold and the consequent prevention of gold producers from being able in the future to manipulate the gold price and thus influence the value of currencies;

Regretting, however, that a coherent and comprehensive reform of the whole system has still not been accomplished;

URGES the member governments of the Atlantic Alliance:

1. to complete the reform of the world monetary system as soon as possible and thus encourage a quick recov-

ery of world trade and the world economy through the provision of a stable monetary framework;

2. for this purpose, to urge a return to fixed but adjustable exchange rates for currencies.

RESOLUTION 33

ON THE CO-ORDINATION OF NATIONAL ENERGY POLICIES

The Assembly,

Examining the economic implications of national energy policies at the national as well as the international level;

Mindful of the fact that any decision on energy policy requires a political examination of the options and priorities;

URGES the member governments of the Atlantic Alliance:

1. to study carefully the impact of any national energy policy on other policy areas such as cost, price and rent policy, social policy, environmental policy, external trade policy;
2. to co-ordinate and harmonize energy policies at international level.

RESOLUTION 34

ON ENERGY SUPPLIES WITHIN THE ATLANTIC ALLIANCE

The Assembly,

Recognizing the useful work done by the Joint Sub-Committee on Energy Supplies;

Noting that the overall economic problems of energy supplies continue to be serious;

Emphasizing that the problem of the oil-producing countries' surplus amounts is far from being solved and that there is still a clear interest in consuming countries of ensuring a massive reflow of this money;

Hoping that the forthcoming consumer-producer conference will lead to fruitful co-operation;

Considering the possible contributions of science and technology to ensuring long-term supplies through decreases in energy demand, increased supplies, and improved energy carriers;

Mindful of the political and military problems and implications involved in securing energy supplies, in particular the safeguarding of import and supply routes, and the protection of North Sea Oil;

URGES the member governments of the North Atlantic Alliance:

1. to provide more incentives for those oil producing countries having a surplus to invest in consuming countries, and to abstain from discriminating investment controls;
2. to intensify energy research and development programmes, existing energy conservation schemes, diversification of the supply side and measures to improve energy carriers;
3. to study in depth the problem of effecting a better security of energy supply routes.

RESOLUTION 35

ON THE ACTIVITIES OF THE EUROGROUP

The Assembly,

Welcoming the recent initiatives towards establishing an effective two-way street between the United States, Canada and Europe in the production and procurement of armaments;

Recognizing that this policy will only be successful if a co-ordinated European approach is established, and that the Eurogroup represents the most appropriate forum in which to establish this co-ordination;

Welcoming the increased Ministerial involvement in the working of the Eurogroup,

Noting the continued progress of the M.R.C.A. project as an example of successful European co-operation in the field of advanced aeronautical technology;

Noting the importance of parliamentary support for the objectives and activities of the Eurogroup;

Regretting the continued refusal of France to associate herself with the activities of the Eurogroup;

URGES:

1. the member governments of the Eurogroup to utilize the framework of the Group to achieve the institutionalization of a European component, a European Armaments Agency, on which effective co-operation between Europe, the United States and Canada in the production and procurement of armaments could be based;
2. the member governments of the Eurogroup, to facilitate greater parliamentary awareness of the objectives and workings of the Eurogroup;
3. the governments of the Fed. Rep. of Germany, Italy and the United Kingdom to pursue the M.R.C.A. programme to its maximum potential, and thus maintain the technological base essential for future European projects.

RESOLUTION 36

ON THE UNITED STATES ARMS EMBARGO ON TURKEY

The Assembly,

Concerned at the present situation in the Eastern Mediterranean and the continuing friction between Greece and Turkey;

Recognizing that as both Greece and Turkey are closely involved with, and committed to, events in Cyprus any lasting reconciliation between the two countries must be preceded by a mutually acceptable solution on the island;

Appreciating the genuine concern of many United States Congressional figures that United States arms should not be used in an offensive fashion by one NATO ally against another;

Believing, nevertheless, that the United States Embargo has introduced an external factor into Greek-Turkish relations that has served to distract and complicate existing

differences, and represents a very real constraint on progress towards a settlement;

URGES the United States Congress to immediately lift the present arms embargo on Turkey.

RESOLUTION 37

ON PORTUGAL

The Assembly,

Welcoming the fact that the Portuguese people after 48 years of dictatorship have the opportunity for achieving the transition to parliamentary democracy;

Concerned at the rapidly worsening economic condition of the country which must inevitably give rise to social unrest, and which could be accentuated by the return of large numbers of settlers from Angola;

Welcoming recent developments which indicate a swing to forces which respect democracy in Portugal;

Emphasizing that present conditions call for immediate and effective action and support, particularly in the form of economic assistance, from the Alliance countries and the European Community;

Concerned that the reluctant and apprehensive attitude of most Western countries could contribute to an eventual polarization of forces in Portugal, and produce a situation extremely disadvantageous to the Alliance;

URGES member countries:

1. to assist Portugal in dealing with the serious problems caused by the influx of refugees from Angola;
2. to give immediate economic assistance to Portugal in order to help solve the country's economic and social problems;
3. to give encouragement and support to the development of a genuine democratic process in Portugal, in order to give to all democratic parties equal chances for submitting themselves in free elections to the vote of the Portuguese people.

RESOLUTION 38

ON SPAIN

The Assembly,

Stressing the criticism of the authoritarian character of the present political régime in Spain imposed on the Spanish people 40 years ago;

Protesting against the recent court sentences which massively violate generally accepted civil liberties and human rights;

Confirming the opinion that the improvement of relations between the Alliance and Spain includes the demand for a democratic change in Spain;

Expressing full sympathy with all forces of Spanish society which strive for full parliamentary democracy;

Encouraging these democratic forces to continue their endeavours to improve political conditions in Spain;

URGES member States of the Alliance:

1. to refrain from any move which might be interpreted as a step to further the membership of Spain in the Alliance at the present moment;
2. to make clear that present conditions in Spain undermine all endeavours to improve relations between Spain and the Alliance.

RESOLUTION 39

ON THE MIDDLE EAST

The Assembly,

Welcoming the successful negotiations conducted by US Secretary Kissinger between Israel and Egypt culminating in the Sinai agreement;

Emphasizing the need for continued efforts committed to achieving peace in the entire area;

Concerned about the negative attitude of the Soviet Union and the aggressive reaction by some Arab governments to the signing of the agreement between Egypt and Israel;

URGES member governments of the North Atlantic Alliance:

1. to support the US and other mediatory efforts by both political and economic means in favour of the signatories to the Sinai agreement;
2. to follow closely developments inside Lebanon and to contribute their due share to the stabilization of the situation.

RESOLUTION 40

ON THE EASTERN MEDITERRANEAN

The Assembly,

Considering the need for reducing as much as possible the number of points of confrontation that still exist between two allied countries, Greece and Turkey;

Noting that the situation created in Cyprus after the events of summer 1974 continues to exist;

Considering that this situation endangers seriously the South-Eastern flank of the Alliance, because of its negative effect on the relations between two member states;

Considering that this situation can only be improved through meaningful negotiations;

CALLS UPON all parties concerned to encourage and facilitate the resumption of the inter-communal talks under the auspices of the Secretary-General of the United Nations and to ensure the respect of the independence, sovereignty, and territorial integrity of the Republic of Cyprus;

STRONGLY URGES all parties concerned to refrain, pending a peaceful solution, from any action which might prejudice or render more difficult the inter-communal negotiations;

APPEALS to the political leaders of the countries directly concerned to show a spirit of reconciliation in order to seek urgently a solution to the problem of the refugees.

RESOLUTION 41

ON AN INTERNATIONAL POLICY FOR RAW MATERIALS

The Assembly,

Considering the scientific and technical problems involved in the supply of raw materials to Alliance member countries;

Convinced that the moment has come to establish a better management of the world's resources;

Underlining the necessity for Alliance member countries to adopt a common policy in this field;

URGES the governments of the member countries of the Atlantic Alliance:

1. to develop urgently a coherent common policy for raw materials:
 - a) to save raw materials;
 - b) to increase known resources by means of improved detection techniques and a better exploitation of existing resources;
 - c) to seek substitutes for rare materials;
 - d) to improve recycling techniques;
 - e) to increase the life span and the durability of products;
2. to invite the Scientific Directorate of NATO to pay more attention to these problems than hitherto.

RESOLUTION 42

ON NUCLEAR ENERGY

The Assembly,

Aware of the necessity to ensure long-term energy supplies in its member countries;

Aware of the discussion concerning the advantages and disadvantages of nuclear energy;

Taking note of the current impossibility of determining the total demand for energy in ten to fifteen years time and the reserves of non-nuclear energy that can be counted upon;

Concerned at the fast rising costs for nuclear energy, due also to necessary additional security measures to protect nuclear power stations;

URGES the member governments of the Atlantic Alliance:

1. to provide the Parliamentarians as the elected representatives of the people with complete information about the pros and cons of nuclear energy so that the Parliamentarians can help the public to understand and accept the necessary decisions;
2. to start immediately with a thorough review of nuclear policies and to undertake an extensive cost/benefit analysis of nuclear power, taking also into consideration additional costs through radioactive waste disposal, demolition of reactors after use, safety provisions, protection of transports of nuclear materials and radioactive waste, and necessary security precautions.

THE SENATE

Monday, December 8, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Marchand (Kamloops-Cariboo), Lapointe and Langlois had been substituted for those of Messrs. Francis, Gauthier (Ottawa-Vanier) and O'Connell, and that the names of Messrs. Baker (Grenville-Carleton) and Francis had been substituted for those of Messrs. Munro (Esquimalt-Saanich) and Daudlin on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

PRIVATE BILL

NORTHLAND BANK—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-1002, to incorporate the Northland Bank.

Bill read first time.

Senator Cameron moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Langlois tabled:

Copies of Report of the Industrial Inquiry Commission under the Canada Labour Code into the Grain Handling Industry in the Vancouver Port Area (The Honourable Mr. Justice E. D. Bayda, Commissioner), dated July 1975.

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1975, pursuant to section 20(1) of the Atomic Energy Control Act, Chapter A-19, R.S.C., 1970.

Copies of correspondence between the Prime Minister of Canada and the Premier of Saskatchewan concerning federal development assistance to that province.

Report of the Department of Regional Economic Expansion for the fiscal year ended March 31, 1975, pursuant to section 22 of the Department of Regional Economic Expansion Act, Chapter R-4, R.S.C., 1970.

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-74, to amend the Regional Development Incentives Act.

Bill read first time.

Senator Langlois moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

● (1410)

BUSINESS OF THE SENATE

Senator Grosart: Honourable senators, I should like to ask the Acting Leader of the Government whether the government has in mind any timetable for the disposition of any of the three bills which have come to us today, either in the Senate chamber or in committees.

Senator Langlois: I am sorry, but I do not have that information at hand. I will inquire and inform the Senate as soon as possible, which will probably be later today.

Senator Grosart: Actually, at the moment I am more interested in the government's plans for dealing with the anti-inflation measure. I am concerned with what the procedure will be this afternoon.

Senator Langlois: As honourable senators are aware, last week the leader informed the Senate that he expected that the bill would be dealt with and passed some time during the course of the present week. He mentioned Thursday or Friday of this week. Apart from that there is little I can add, except to say that I understand there are three senators who wish to speak on the bill this afternoon. It is planned that after the Orders of the Day are exhausted, we will adjourn during pleasure to approximately eight o'clock this evening, at which time we will resume debate on the anti-inflation bill. My information is that we have three speakers who are ready to address themselves to this measure this afternoon and three more this evening.

Senator Grosart: In other words, it is the intention that the debate on this bill this afternoon will be adjourned to later this day.

Senator Langlois: That is quite right.

Senator Grosart: Thank you.

ANTI-INFLATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, December 4, the debate on the motion of Senator Perrault for second read-

ing of Bill C-73, to provide for the restraint of profit margins, prices and dividends and compensation in Canada.

Hon. Jack Austin: Honourable senators, it is with a deep sense of the public trust which is our joint and several responsibility that I rise to participate for the first time in the deliberations of this chamber.

We are not here to serve ourselves. We are here to serve the people of Canada.

Therefore, my earliest words to my new colleagues in this chamber must be words of commitment: First, to serve the collective interest of all Canadians with every effort and ability I have. Second, to defend and to further the wellbeing of our Confederation and to speak and act against every tendency in our country to irrational regionalism; to speak and act against the insecurities that give rise to separatist feelings amongst us; and to speak and act against attitudes of alienation and disaffection in Canadian society wherever they appear. Third, within the context of a strong and progressive federalism, to advance the real interests of my own province of British Columbia in every way I can fairly do. Fourth, to defend the individual rights of Canadians, however unpopular, and to assert the individual responsibilities of Canadians, however unpopular. Fifth, to support policies that will promote a healthy economy and a fair sharing of the benefits of the Canadian patrimony to all. Sixth, while at all times defending the sovereign rights and interests of Canadians in the world community, yet to remain mindful that we are but one family in the global village and we have both a moral duty and a self-interest to further the wellbeing of all mankind.

While words of public commitment come first, certain personal words are no less important to me. I wish to refer to the Honourable Arthur Laing, whom Prime Minister Trudeau rightly entitled a "good man" at a public banquet in Senator Laing's honour held in Vancouver in September 1974. Arthur Laing served this nation and his province of British Columbia in substantial ways, both in private and business life, and in municipal, provincial and federal politics. He served always with integrity, ability and conviction. He was my friend and teacher. I served with him as his campaign manager in 1962 and 1963; as his executive assistant when he was Minister of Northern Affairs and National Resources; and as a supporter and advisor when I was in private law practice. He encouraged me in 1970 to take up the responsibilities of the office of the Deputy Minister of Energy, Mines and Resources, and beforehand he had taught me a great deal about the value of our natural resources to the people of Canada, about British Columbia, about Western Canada and about his love of our great northern lands and peoples. Now I stand in his place in the Senate as the senator for Vancouver South. I owe much of my interest in public life to him and I must acknowledge it as I speak here for the first time.

● (1420)

The Senate, I hope, will allow me a few additional personal words. I believe this country has at its head one of the most capable and knowledgeable political leaders in the world today. I left my duties as a deputy minister and the relative political obscurity and security of the public service in May 1974, shortly after the defeat of the government in the House of Commons, to become principal secre-

tary to the Prime Minister, because I felt totally convinced of Canada's need for the continued contribution of the Right Honourable Pierre Elliott Trudeau as Prime Minister. He has been a unifier and a healer in times of national dissention, as I had the privilege of seeing so clearly during the 1973-74 energy crisis, and again during the first ministers' negotiations on oil and gas pricing this spring. His work in binding together the Canadian family during the stresses of October 1970 shows the quality of his leadership. His work in linking together in the minds of the Canadian family their essential political, social and economic interests is the critical work of our time. Canadian political democracy is strong, as strong as that in any of the world's democracies, because of his talents in understanding and defending the democratic process. Some have called my appointment to the Senate a partisan appointment. I affirm without hesitation that it is the appointment of a man who is a partisan of the Prime Minister and his goals for service to the people of Canada.

Madam Speaker and honourable senators, I express my thanks to you for your generous welcome on my first day in this chamber on November 5 last. I have special pleasure in serving here under Senator Raymond Perrault, and with Senator George van Roggen, who have been my colleagues in many activities on behalf of British Columbia over nearly 20 years. I express pleasure too in serving again with the Honourable J. J. Greene, who was my minister at one time. The highest art of politics is to lead while appearing to follow. Senator Greene practised this art well as minister and again in his kind remarks about me on November 5. I thank Senator Flynn for the encouragement he showed me in his welcome.

I have come to the Senate believing the Senate has a vital and constructive role to play on behalf of our democratic Canadian society. In the short time I have been here I recognize the dedication of my new Senate colleagues to the developing maturity of public life. I very much hope that my past experiences, particularly my years as a senior government official, will permit me to make a useful contribution to the legislative process and to the policy deliberations of the Senate. I want to assure my fellow senators of my enthusiasm for my participation in a dynamic and creative Senate. I thank you for your patience in listening to these general remarks and I shall now confine myself to the specific topic of this debate.

We have before us Bill C-73, the "Anti-Inflation Act." The preamble to the bill says it all very clearly:

inflation in Canada at current levels is contrary to the interests of all Canadians and . . . the containment and reduction of inflation has become a matter of serious national concern . . .

No right thinking Canadian can deny the seriousness of the problem of inflation, the need to understand its underlying causes and the need to take measures at this time to prevent inflation from impairing our society and our economy.

Senator Perrault provided this chamber on December 4 last with a comprehensive review of the anti-inflation program in its objectives and in its methods. I support this bill for the reasons given by Senator Perrault, and believe in the strongest terms that the failure of this anti-inflation measure to capture the support and confidence of the

Canadian people will lead inevitably, if our economy continues to deteriorate, to the government of the day, whatever its political predilections, introducing such massive measures of discipline and interference with the market economy as perhaps to alter permanently the character of Canadian society and the role of government in our individual lives.

Senator Asselin spoke last Thursday about the unusual degree of involvement of government in the economy during peacetime which is introduced by Bill C-73. The point is that it is not now peacetime. Of course, we are not at war in a military sense, but just as surely we are at war in an economic sense. The apprehended danger is to the security of our society and our willingness to live in peace and good order with one another. It is a civil war in economic and social terms. The enemy is ourselves. The enemy within us attacks society with demands for "more," the famous adversary objective of Samuel Gompers of the North American labour movement and, of course, the same objective of every other player in our economic society. The weapon of defence is "self-restraint" and the concern for one another embodied in the most fundamental precept of Judeo-Christian ethics; we are our brother's keeper and he is our keeper, each equally to be concerned for the other.

Honourable senators, I do not propose to repeat what Senator Perrault has said to us about the bill nor to examine its detailed provisions here in any way. This we will do in committee. What I do wish is to examine some of the underlying questions which this bill raises about ourselves and to touch on a very few key concerns.

Canadian society today is characterized by a rising population, greater expectations on the part of our people for a more affluent life and a greater degree of organized and institutionalized advocacy by people who find common cause to combine in their self-interest. A growing population and greater expectations from all of us naturally demand more from our resources, more energy and raw materials, more food production and industrial goods. And all of this places a greater load on our environment, its capacity to supply and its ability to clean up the mess we make before we foul our own nest.

Our methods of production are increasingly technically complex and we have as a consequence a high and still rising division of labour. In a real sense, then, we are becoming more interdependent. As the level of our education rises and our skills increase we learn, each of us in society, to make a deeper, more qualitative contribution but also a narrower one. Each of us knows more and more about an ever-diminishing part of society because the whole spectrum is increasing so quickly.

But the peculiarity of our behaviour is that though we grow more interdependent, relying on others to provide us with so many vital goods and services, we also become more adversary, more hostile to one another, more competitive about the value of our individual contributions. The value and importance of the social qualities of our lives, family, kinships, community, friends, the nation, are disappearing under the attack of our economic self-interest. More and more people are identifying with those with whom they have a common economic claim on society, though not necessarily a common economic or social re-

sponsibility. More and more people are organized into institutions which get bigger and more powerful. As these institutions deal in a competitive way with one another their conflict causes deeper and deeper divisions within society. What becomes involved in conflict is not just a wage claim or an item of management authority but the prestige of the organization, the credibility of its leaders, the pride of belonging of its members—being top dog on its societal and economic street in the Canadian neighbourhood.

With increasing economic specialization of our interests, with more formal and organized and institutionalized advocacy of our economic interests, the interactions of people are made public and articulate, rather than conducted in the context of the immediate community and its needs. With this increasing specialization of interest we are in danger of losing in Canada the paramount concept of the general good—of the public interest of us all—of an interest not just economic but comprehending of societal and inter-personal, moral and religious values as well. Specialized interest means that institutions, whether business or labour, promote narrow interests and those interests must succeed for the sake of the welfare of the institution. Is it any wonder that our national sense of purpose is confused, that the pursuit by this government of a voluntary consensus has failed? Where we lose a common concept of ourselves as a community, our consensus diminishes, and our confusion of aims grows larger.

● (1430)

But why is it that our technology makes us more interdependent and more hostile to one another at the same time? I believe it is because the techniques of our industrial production are concentrating wealth and control of economic power ever more narrowly so that fewer and fewer people in our society feel worthwhile as individuals to the community as a whole. While in modern times the role of government has been to try to balance on the side of the individual, all too often government seems distant, uncaring in a personal sense and sometimes through administrative foul-ups, downright hostile.

I have talked about the economic institutionalization of our society because its present structure has led directly to the need for the intervention of government through the introduction of Bill C-73 as a measure on behalf of the common good. But one of the great challenges that faces the Canadian community and the governments that represent us is the challenge of creating a society in which the well-being of the individual and his sense of individual value is regarded as the reason for the organization of society into governments and other institutions. In other words, let us not fall into the error of believing that individuals are created to serve institutions. I mean this whether we are talking about employees of corporations or members of trade unions. Let us have the wit to maximize the benefits of institutions in our lives without becoming their slaves.

What about the role of the state? If government has grown in recent years, and I refer to all levels, then it is largely because we have been getting what we want from government. In a democratic state it is impossible for government not to respond to the decisions society is taking about its needs and nature. Total government

spending at all levels has expanded rapidly in the 1960s and 1970s in order to provide the social security services which the great majority of our people approve and desire. We were able to do these things in an economy moving through an unparalleled rate of growth both in real terms and over time. For three decades governments have had a fiscal dividend, an income based on real economic growth in the community, to distribute to the poor, the sick, the young, the unemployed, the disadvantaged regions and to invest in industrial and resource growth. In an important way we have financed this new wealth by a high rate of use of our natural resources and by low resource costs, particularly low energy costs.

The onset of the energy crisis in 1973, based on rapid price increases and political control of supply by the international oil producers cartel, while adding to a worldwide wave of inflation, has also had the effect of reminding us in time of some verities about ourselves and our future. We have had rapid growth in our economy because we were able to run through some cheap resources and because we were able to benefit from more efficient technologies developed since World War II. Inflation and its inevitable companion, recession, are grim reminders to us to get ourselves under control or perish.

We face in the short run the strains that are imposed on our political system when growth in GNP stops or slows because our revenues as a state are no longer sufficient to keep pace with the public demands on them. We are at the stage where the financial capacity of governments is diminishing but the people's expectations, fueled by unparalleled fulfilment for 30 years, have not ceased to grow. In the long run we face the problem of accelerated depletion of natural resources in a world where economic resources are scarce and demands are growing from nations who have never enjoyed what they see we enjoy and who believe their entitlement is no less than ours.

The 1974 election may just be the last election to be fought on issues which are those of a growth economy. The realities of our future seem to be a society in which growth is slow and hard fought, but if we manage well will still be sufficient to do the essential social development and economic growth tasks we must do to maintain an equitable sharing amongst Canadians.

The underlying reality of Bill C-73 is that governments will have to face and set limits to their growth. This requires a restraint on the part of the electorate; it requires that people abandon their demands that government redress the impact of all social and economic inequalities as they affect them personally. Each of us must come to realize that the state cannot be the forum for the immediate fulfilment of every private and group want. We will have to become more tolerant and less demanding, more the conciliator, less the advocate.

● (1440)

We cannot avoid asking ourselves what kind of a society we want. Do we want a society in which we offer each member equality of opportunity and look to the state to establish minimum conditions below which no one falls and which are consistent with human needs and dignity as we all understand them or do we want a society in which we prescribe as our objective equality of condition so that the state sets all the conditions for individuals as well? Equal-

ity of opportunity or equality of condition? Should responsibility for ourselves be with ourselves first as individuals and second as a community, or should it be first as a community and secondly as individuals? My choice, the choice of a liberal, must be with the paramountcy of the individual both as to rights and as to responsibilities.

Do we want a state which satisfies public needs, or a state which is an arena for the advocacy of private and group wants? Needs are limited but wants are boundless. If the role of the state is to meet all wants filed with it, the claims upon society's resources will grow as boundlessly as the imagination which all our self-serving communities can derive.

In the service of such wants, the government will grow until it threatens the private initiative which fuels our society's productive capacity to service needs. In the service of needs, the government serves us all and gives us the equality of opportunity which promotes initiative and the willingness of each person to claim no greater right than each is willing to absorb of social and economic responsibilities, including productivity.

The idea of a society of entitlement must be attacked by all of us head on. We have tough decisions ahead of us—curtailment of our expectations as a society, retrenchment and reallocation of both private and government resources. These steps must be taken and seen to be taken with an equity of burden to all Canadians. That is a clear goal of Bill C-73 and its administration; that is a clear goal for the survival of a free democratic society of opportunity.

Honourable senators, we are all in public life and we, along with our colleagues in public life everywhere, are caught in the crisis of the democratic politician as we are torn between the expectations of our society for a constantly increasing standard of living and the ability of the system to produce that standard of living for the people.

What is our role? Surely not to fool the people into believing there are no limits to their expectations or to the services government can provide. Surely not to fool the people into believing that whatever share of the economic pie they want, they can have.

We in the Senate should have no fear of speaking about the dangers to our country's future; no fear that if we do not cater to the popular political will, we will be silenced politically. Indeed, the essential justification for being an appointive body is that we will tell the people not what they may want to hear today but what they will wish they were told today when it is tomorrow.

We must tell the Canadian people that Canada's resources are plentiful but not boundless, expensive but not prohibitive; that Canada's population is well served and can be better served, but cannot be extravagantly served; that the politician's role is to harmonize society, not exacerbate it; to serve it, not to dominate it; that the citizen's role is to be watchful of his rights and to exercise those rights within the context of his responsibilities to this community.

The essential assumption of growth has underlain the economic theory of Adam Smith and of John Maynard Keynes, and the political theory of Locke. This assumption of growth is no longer to be taken for granted. This being so, the politician and government are thrust into an entire-

ly new position—not just distributing the fiscal surplus but trying to decide how to split up the existing economic pie, the wealth that has already vested in some part of society. We as politicians have even more tension, conflict, and even bitterness, to deal with in the country's political future and a more effective need than ever before for the development of the strengths that hold the Canadian people together as well as a determined fight to resist the strains that would pull us apart.

Our society has relied on the efficacy of the marketplace to distribute goods and services at a fair cost to us all. The marketplace concept is fundamental to our rights and liberties as we know them. It underlies the importance of individual initiative and reward for constructive conduct. It also underlies the essential need for rules and self discipline. The marketplace can only work where competitors agree to maintain order. The players obey because predictability of conduct is in the collective interest. The law codifies the public understanding of correct behaviour.

One of the fundamental assumptions which has underlain the classic economic theory of the marketplace is that man was a self-disciplining, self-regulating Calvinist. In recent times that part of the picture seems to have been forgotten, and we are in danger of replacing it with the picture of man as an unlimited consumer of material goods. Hardly flattering!

After 350 years of industrial revolution and constitutional development we are now in our history at a stage where the two assumptions I have spoken of, first the assumption of material growth and secondly of a basically Calvinist economic man, are no longer axiomatic. We are going to have to defend those tenets or replace them. We will have to ensure growth and equitable sharing by the self-discipline of each of us in the marketplace and in our demands on government. Or if the marketplace is no longer seen as the regulator of the division of wealth in society, supervised of course by the countervailing force of government acting to achieve an equitable balance, then what will replace it as the regulator of the division of wealth in society?

The only other acceptable regulator spoken about appears to be government. But government has no theory of value which will legitimate its decisions in this regard. How will government decide what a person is worth to society? Even if it could, would it be a democratic government in the sense that we know and value democracy?

The constant growth of real wealth has previously disguised the nature of this problem, now this crisis, from us. Now it is upon us.

Our democratic society faces a major challenge to our survival. Bill C-73 is a democratic society's answer. It must be passed. We can assure that. It must be successful. Only the people of Canada can assure that. Our task is to explain the need to the people so that they can decide in the knowledge of what choice they make.

Hon. George I. Smith: Honourable senators, my first words must be to offer my very warm congratulations to the Honourable Senator Austin. I offer him my very warm congratulations on his eloquence, the carefully thought-out expression of his philosophy, and the very interesting way in which he said what he had to say to us.

[Senator Austin.]

Hon. Senators: Hear, hear!

Senator Smith (Colchester): I know that he would not expect me to agree with everything he said, and perhaps as I go along further today he will be able to detect where some of those disagreements may lie without my directing my remarks towards him and what he said. I wish him a long, fruitful and happy sojourn in this house, and will look forward to continuing to work with him.

Honourable senators, I know you are all familiar with the provisions of this bill, but perhaps you will bear with me for a moment or two while I review its general scheme of things as a background for what I propose to say. The bill, of course, is merely a skeleton upon which we are asked to authorize the government to mold the flesh by making regulations. The whole essence of the program authorized, or intended to be authorized, by the bill is the making by regulations of guidelines which people are to follow.

The bill defines certain organizations, groups and people to which and to whom the guidelines will apply, but then it adds a catch-all provision to make it possible to include any suppliers of commodities or services in the private sector and their employees whose activities may, for any reason, be considered:

of such strategic importance to the containment and reduction of inflation in Canada as to warrant . . .

the regulations including them. This, of course, means that almost anybody who is in the work force can be brought under the regulations which the government in its wisdom, or perhaps even its lack of wisdom, may wish to make.

When the guidelines are finally established, it is the duty of an organization authorized by the bill, a board called the Anti-Inflation Board, to watch over us all to see that the guidelines are followed. If the board finds that they are not being followed, its duty will be to try, by persuasion, to correct the matter. If it cannot do so, then it is to refer the question to an official whose appointment, duties and responsibilities are authorized by the bill, called the administrator. The administrator has wide powers to make orders, impose penalties and make searches of any premises anywhere in the country for anything he wants which he thinks he might like to have to investigate any problem that is before him. There is an appeal from the administrator to what is called in the bill the Anti-Inflation Appeal Tribunal, and a further appeal from that tribunal to the Federal Court of Appeal under section 28 of the Federal Court Act.

It is at once apparent that the whole program under the bill flows from the guidelines, and that the guidelines are made by regulations. Without those guidelines and without those regulations there would be no program. Everything I say, flows, not from the legislation which will be passed by Parliament but from the regulations that will be made by the Governor in Council. Like all regulations, so long as the government that made them is in office that government can change them if, when, as often and to what extent it wants.

At this point I want to say that though I propose to be critical of this bill, if it becomes law I propose to obey it, and I hope all Canadians will do the same. Surely we all know that defiance of the law soon leads to anarchy. I

thoroughly dislike many things about this bill, as I shall say, and I know many others do. Nevertheless, I point out to those who would defy it that they would be setting an example they would very likely live to regret, and regret very deeply, and which might well lead some to defy a law which they themselves now rely upon to protect their own freedoms, their own rights and their own privileges.

Hon. Senators: Hear, hear.

Senator Smith (Colchester): I shall also feel compelled to vote against the bill in its present form. However, if it can be improved sufficiently in its legislative course through the Senate I would be prepared to support it. In any event, I want to make it very clear that I believe that some program of controls is needed now, and indeed has been needed since early 1974.

A moment ago I mentioned that the program proposed by this bill depends entirely on regulations. While I do not want to be repetitive, because I mentioned this point in the first and only other speech I have made in this house, I am again moved to say that here is another bill which leaves to regulations the most important portions of the policy it is designed to implement and which we are asked to impose upon the Canadian people. We are asked to consider the bill without the regulations before us, and with a very modest amount of information about what they will contain, though I know, of course, we have the White Paper which was tabled by the Leader of the Government and debated in this house. We are simply asked to give the government a blank authority to do as it likes by regulation over a very wide field, I think far too wide, as I shall point out later. To me, this procedure of placing before us a skeleton and leaving to the Government the right to build it and mold it in its own likeness, or any likeness it may desire, is a most objectionable procedure. It is a procedure which should not be accepted without the most vigorous protest.

● (1450)

The argument that regulations cannot be made until the bill becomes law is, I respectfully submit, no defence at all. It is perfectly proper and altogether desirable to place before Parliament a draft of regulations proposed to be made under the bill. Parliament would thus know how the power it is asked to grant would be exercised, and would be in a much better position to make an informed judgment as to whether it should pass or amend the bill.

It would appear to me that up to date the most noticeable effect of the pronouncements about this bill by the ministers and officials is one of widespread confusion. Their comments indicate that the only certainty so far is that they do not know how the bill will work, whether it will work, and what methods they will use to try to make it work. One has only to read the evidence given and the remarks made in the other place by the Minister of Finance and officials—who are now operating under the Inquiries Act, but are designated to be the senior officers of the board—to realize they are in a basic state of uncertainty about the most fundamental things related to the program.

Many questions were directed to these people by a committee of the other place. The theme running through nearly all the replies was to the general effect of, "We will have to wait for the regulations to find out," or, "We do not

know," or "That will be a matter for the minister in charge." Even the chairman-designate said there were some uncertainties which kept him awake at night. I do not wish to interfere with his proper rest in order that he prepare himself for the onerous task at hand. However, I think it would be a very good thing if he and a lot of other people lost a good deal of sleep in trying to straighten out the inequities that appear in this bill.

Honourable senators, this surely is a sad state of confusion to exist for so many weeks after the policy was announced October 13 last. It clearly demonstrates to me that the problems have not yet been thought through, and that Parliament is simply being asked to accept something that still remains an unknown in large measure to its sponsors.

Other matters of interest emerge from this questioning in the other place. For instance, the Minister of Finance is shown to have said in a report of one of the committees that perhaps the bill will be in effect beyond December 31, 1978. And in a report of the proceedings of the next day he said, among other things, that perhaps eighteen months would be sufficient, and that if after eighteen months there is a considerable reduction in the rate of inflation, the controls could be ended—which he would be happy to see.

The chairman-designate of the Anti-Inflation Board said he wished, purely from a selfish point of view, that there had been an initial freezing of wages and prices in order to permit his board an opportunity to organize themselves and see what they had to face, and how they might go about it. The vice chairman-designate, on the same page, is reported to have said that such a freeze would have a much larger effect on the public generally, and would have helped the board to get its organization into place.

Honourable senators, just to add to the confusion, it seems that the Prime Minister and the chairman-designate have had some interesting moments in trying to get together on the interpretation of a statement that the chairman-designate is supposed to have made a day or two ago. It is not easy to follow what these two honourable and distinguished gentlemen were saying. Though I do not pretend to know whether it is exactly correct, one version of it goes like this: The chairman is said to have made a remark to the effect that though the board would be tough at first, after a while it would go easier. The Prime Minister said that the chairman must have been misquoted. The chairman said that he was not misquoted. Later he must have heard directly from the Prime Minister, because now he is saying that what he meant was that the board is going to be harder than tough at first but as the program gets older it will just be tough. Whether or not this version is correct, it seems pretty clear that something happened which has compounded the confusion.

Now, all of this brings me to believe that the view that the legislation should have a duration of eighteen months is a pretty good one. It may be that the comments of the Minister of Finance and the chairman-designate were made in an unguarded moment but, honourable senators, those are frequently the kind of moments when truth will out.

The comments of the chairman-designate and his vice-chairman about the freeze makes the program of Mr. Stanfield in 1974 look pretty good too.

My colleague, Senator Asselin, spoke on Thursday last about the necessity of the government's setting a good example by restraint on its own expenditures. I submit he was certainly correct. As he spoke, I remembered that a couple of weeks ago I heard the minister who is the head of the Treasury Board say that in this fiscal year he hoped the increase of expenditures over last year could be held to 15 or 16 per cent. This, of course, is half again higher than the rate of increase in inflation, high though that rate of increase in inflation is.

It seems to me that to set a good example it would be necessary to keep the rate of increase not higher than the rate of inflation—that is, the rate of increase of government expenditures from year to year. This the government clearly has failed to do. It appears to me that it is apparently operating on the philosophy expressed by Mark Twain "To be good is noble. To teach others to be good is nobler, and no trouble."

I wish to draw attention to the provisions of the bill concerning the appointment and powers of the person who is to be called the administrator. These provisions are contained in clause 15 and following clauses. One has only to look at these clauses to realize that this official will have most extraordinary powers. I believe these powers are entirely too great to be put in the hands of any one person, however experienced and however convinced he may be of the importance of the rights of the individual. However, if the bill becomes law, that is what will happen. If so, all we can do is hope the person appointed will be the best available.

In this connection, I could not help but be disturbed by the comment of the chairman-designate of the Anti-Inflation Board that the person intended to be appointed is at present employed by the Department of National Revenue. I do not know his name. Surely a person vested with the immense powers the administrator will have should not come from the ranks of bureaucrats, but rather be someone who is out in the real world and who knows firsthand of the problems that the people in that world must face from day to day, whether they be workers, employers, professionals or others. Surely, such a person should be one who has all the qualifications required for appointment as a judge of the Federal Court, at the very least, and I hope the minister responsible will bear this in mind and make the appointment accordingly.

The Leader of the Government, early in his speech last Thursday, set out to show that times had taken a turn for the worse. I regret that he is not in his seat. However, this is the time I have to speak, and I will say what I intended to say, in any event.

He said that domestic inflation has been growing for a year and that unit labour costs in Canada are now higher than those in the United States, and a number of other things which seemed suddenly to be revealed to the government as having just occurred, though they have been visible to many for a long time.

[Senator Smith (Colchester).]

● (1500)

Now, I do not think that anyone could blame us on this side of the house for feeling that this was a feeble and transparent attempt to distract people from the truth, from the truth that the government has undergone a complete reversal of a policy that it claimed to have in 1974. No reversal could have been more complete, and I don't wonder that those who suffered that conversion are embarrassed. In 1974 the government claimed controls would not work. Now the government claims that controls are the only things that will work to fight inflation. I shall have more to say about this later, but for the moment it is sufficient to say that obviously the government finds it distasteful to admit that Robert Stanfield was right in 1974. In the vain hope that the public would be taken in again, somebody in the multitude of backroom boys on whom the government relies to tell it what to do and what to say has persuaded them to take refuge in the assertion that things are worse now than they used to be, and therefore stronger medicine is needed now and therefore, although controls were of no use before, we must have them now.

Let us examine that statement for a moment. What a devastating self-indictment it is. It is presented as though somebody else was responsible for inflation, that the government had nothing to do with it and no responsibility for fighting it. But, honourable senators, who was in office in Canada during the time that this change, according to the government, occurred? It was not the Social Credit Party; it was not the New Democratic Party and it was not the Progressive Conservative Party. It was the Liberal Party, the blind men of 1974 or the "gay deceivers" of the 1974 election. With one or two notable exceptions of people who could not put up with the drifting inertia of their colleagues, the people who are now in office are the same people under whose unhappy guidance the Leader of the Government in the Senate now says, "Things got worse." And they got so much worse that now drastic measures have to be taken.

What an admission of failure! Failure in one of the prime duties of government, the duty of guiding the economy. And how embarrassing it must be when the government finds itself in such a state of affairs that it thinks it is better to admit a year of failure than to admit it was wrong in 1974, or to admit that the Conservative Party was right in 1974. What gall to offer its own failure as the reason for doing something now; what a paucity of principle and what a travesty of truth. Implicit in this statement of the honourable senator is another damning indictment of those gentlemen who took so lightly the responsibility of office in the last 16 months. He says in effect that they are taking action now because there is greater public support for doing something. This, of course, means that they did not have the courage to do something when it needed to be done. Oh, no, no courageous act for them! Better to let the people suffer until things got so bad that the public would more easily put up with some attempt to cure the ill which besets us all. What a philosophy of government that is!

But, of course, their philosophy of politics is even worse than the leader admits. The truth is, I submit, that this government opposed controls in 1974 because their grey eminences in the back rooms perceived in that course of

action the only hope they had to disguise the government's utter uselessness in office since the election of 1972 and the only chance they had to win the election of 1974. Let the country suffer! Let truth be trod underfoot! Let holding office by any means be the watchword of the day! Let us tell the people that controls will not work! Let us tell them that controls will be fighting inflation on the backs of the wage earners and the poor, and that that we will not do! Let us frighten the people into voting against a party that has the courage to say that controls are needed! Let the future take care of itself! And though the government may not have realized what it was doing, they allowed this philosophy to dominate their election propaganda. And they succeeded, and they rejoiced. But now the day of reckoning has come. And those very seeds of error which they spent so much time and money to sow in the hearts and minds of the Canadian people just 16 months ago are the very things that are creating the great difficulty in persuading some groups in Canada to agree that controls are now necessary. They sowed, and now they reap.

While I wish them success in their effort to convince Canadians that controls are needed, I cannot help but point out that their biggest problem in this regard is their own conduct not so long ago. Now things are so bad that even they realize some action has to be taken.

What should it be? Surely, they thought, we can do something different from what Stanfield said was needed. And the search for some other remedy was on. But the back-room boys who got them into the mess failed them now. Search as they would, they could find no answer except controls. What a dark moment for the government that must have been, the moment the inexorable truth pierced their fiercely resisting consciousness, the truth that they must reverse themselves and ask the people of Canada to accept controls, and plead for cooperation.

Well surely, that was the moment for frankness; surely that was the moment to say to Canadians, "We realize now we were wrong in 1974; we realize that controls are needed to fight inflation. We offer you our apologies and we ask for your help. We ask you to help us make controls work." But no! In their horror of admitting that they are only human like the rest of us, and all humans may at times make mistakes, they chose to justify their reversal of policy on the ground that they had allowed circumstances to get so much worse that controls are now necessary.

Well, I have already commented on that piece of nonsense, but there is one more point about it that needs to be made. Controls, the government now say, are the best weapon to fight inflation. They also say that inflation has grown worse since 1974, and surely that shows in their own words that if controls had been adopted in 1974 things would not now be as bad as they are. After all, the government says now that controls will not only halt inflation but will reduce it. So, if controls had been in place by the end of 1974, then the increase in inflation which has taken place since that time would not have occurred and if the present government's belief is correct, then the rate of inflation would now be lower than it was in 1974. By necessary implication, then, the government admits that they are responsible for all the loss of purchasing power and hardship suffered since 1974, by the wage earner, by the poor and by all other Canadians. The government's

failure to fight inflation was a failure which has borne heavily on the backs of the wage earners and those on fixed incomes and of low incomes. It was a failure which naturally makes many people distrustful of the government now.

One of the worst things about this bill is the tremendous power it gives the Governor in Council, the administrator and the board.

● (1510)

The Minister of Finance said—I heard him say it on a television program—that this program frightened him. Well he might say so; it ought to frighten any person concerned about democracy. It would be frightening enough even if we knew what was going to be set out in the regulations, but we do not know and, apparently, even the Minister of Finance and the chairman-designate of the board still do not know. Honourable senators, not only is the board to deal with situations which contravene the guidelines in fact, but any situation which the board might think does so in spirit. What is the spirit of legislation? Who can tell? Who can tell what the board will think is the spirit of the guidelines? What rules will it use to determine whether something is likely to contravene their spirit?

Honourable senators will note that it is not only the spirit of things which have been done before with which the board will concern itself; it will also use its feeble power of reading the future to form its opinion as to whether something that has never happened might, if it did happen, offend against the spirit of the guidelines.

That is what the legislation says, and with legislation such as that placing an umbrella over the board's activities, what is there to restrain it from doing whatever it likes?

Then consider the powers given to the Governor in Council under clause 12(2)(b) and clause 3(2). These clauses, in fact, give the Governor in Council almost completely unlimited powers to bring any person engaged in business or professional activity of any kind under the jurisdiction of the board. What, indeed, is the jurisdiction of the board? Well, no one knows or, if they know, they are not telling. What guidelines will the board enforce? Again, no one knows.

Clause 2 gives the Governor in Council the power to make guidelines whenever he likes and as often as he likes and, what is worse, there is no restraint as to what those guidelines may contain. They may be made at any time and as often as the government takes the notion. Their contents may require Canadians to do anything the government from time to time takes into its head to have them do.

One looks in vain for some protection for the individual, some safeguard for the ordinary, but priceless, rights we have come to regard not only as our heritage, but as the basic characteristics of democracy. "Ah," you say, "there is an appeal to an appeal tribunal, and from it to the Federal Court of Appeal." But what good is a right of appeal when the Governor in Council may make any new guideline or regulation it wants if it does not like the result of the appeal? A citizen may win an appeal one day and the next day find himself faced with a new guideline or regulation which deprives him of the benefit of the appeal decision.

Look at clause 20. Among other things, it allows the administrator to make any order he likes to stop a person from doing something he thinks is likely to contravene the guidelines. Listen to this: Such an order, as well as other orders, is binding "notwithstanding any other Act or law enacted or made before or after the coming into force of this Act, and notwithstanding that the order conflicts with anything that was established in accordance with or approved pursuant to any such other Act or law."

It is pretty hard to believe that you would find that provision in legislation placed before this Parliament in these days. Allow me to read it again:

[Such an order is binding] notwithstanding any other Act or law enacted or made before or after the coming into force of this Act, and notwithstanding that the order conflicts with anything that was established in accordance with or approved pursuant to any such other Act or law.

Senator Phillips: I am sorry, Senator Smith, but does not the word "act" to which you refer replace the wording of the Bill of Rights?

Senator Smith (Colchester): I am coming to the Bill of Rights in a moment.

Senator Phillips: Thank you.

Senator Smith (Colchester): Remember, this is not dealing with an Order in Council, it is not dealing with some other act of Parliament; it is dealing with an order made by this individual who, we are told, will come from the ranks of the employees of the Department of National Revenue. This clause gives him the right to make any orders sweeping away anything which might lawfully have been done under any act passed by Parliament, and even if nothing has been done it allows the order of the administrator to override any law ever passed by Parliament if it suits the administrator's whim to do so.

It may be that the Bill of Rights still survives, because it contains a clause to the effect that no legislation will override it unless that legislation specifically says so. If the Bill of Rights does survive, it is the only law that can stand against the administrator's order. Remember, his order may be based on any guidelines or regulations the government may see fit to make at any time until December 31, 1978.

If it is possible to make these extraordinary powers any more limitless, consider the statement said to have been made by the minister who is to be responsible for the administration of this bill. His respect for law and the fundamental principles of justice is frighteningly revealed by his assertion that if a decision of the court is adverse to something in which he believes, he will see that Parliament will pass legislation to overrule the courts.

Honourable senators, I have not mentioned all the provisions of this bill which tend to give the government practically unlimited power until December 31, 1978, and give it power to extend its life beyond that time, also by order in council. However, I submit that I have mentioned sufficient of them to demonstrate that the bill gives power to the government in a manner never done before in time of peace in this country. As a corollary it follows, of course, that it will deprive Canadians of their basic rights, protection against arbitrary action of the government and its

[Senator Smith (Colchester).]

officials, and will give an appointed official the right to sweep away the effect of any existing laws heretofore made by the Parliament of Canada.

As I believe even some very warm supporters of the bill will agree, the anti-inflation program is bound to result in what is often termed "rough justice." Inequities, unfairness and even hardship are inevitable. I recognize that and, in my opinion, that would be so to a substantial degree in any system of controls. This type of legislation should not be imposed upon Canadians for any longer than is absolutely necessary. The kind of powers this bill gives to those who are to administer it will become almost intolerable to those who believe in the basic tenets of democracy, and the longer they stay in place the more likely they are to become a permanent feature of our lives and our law.

I urge the government, therefore, to shorten the term set out in the bill. I suggest that 18 months is appropriate, and, if at the end of that time controls should still be needed, new and better legislation can be placed before Parliament incorporating the lessons learned during the 18 months of the life of this measure. So, as I said in the beginning, honourable senators, although I believe a system of controls is necessary, I also believe that before this bill passes there ought to be many, many improvements made in it. I hope that it will be improved so that those who think as I do will feel as comfortable as one can feel when voting for any system of controls, although knowing and acknowledging that some such system is now needed.

● (1520)

Senator Greene: Would the honourable senator permit a question?

Senator Smith (Colchester): Certainly.

Senator Greene: While I am not too clear on what the Conservative policy of 1974, to which Senator Smith (Colchester) referred in his address, was, I know he would want the record of the Senate to be clear in this regard.

Mr. Stanfield said it was one thing, and frontbenchers, such as Mr. Lawrence, if I recall correctly, and the financial critic in the other place, said it was not that. Assuming that Mr. Stanfield's policy was the policy of the Conservative Party, would Senator Smith (Colchester) clear the record as to whether that policy was one of wage and price freeze, or of wage and price control, as opposed to freeze?

Senator Smith (Colchester): Honourable senators, I am touched by Senator Greene's concern for making the record show that I know what I am talking about, and I hope he will recognize that my answer shows that.

Mr. Stanfield's program was one of both freeze and control. The program, essentially, was one of a freeze for a relatively short period of time—90 days, I think, was the time period generally mentioned—to be followed by a period of some months during which a system of controls would be in effect, and the number of months most often mentioned was 18.

That is exactly what I said earlier on, and exactly what Mr. Stanfield says any time he is asked about it, and exactly what I believe it to be.

Hon. Eugene A. Forsey: Honourable senators, I spoke, as perhaps some honourable senators will recall, on the White Paper itself, and said then most of what I might otherwise

say now, so my intervention this afternoon, I think, will be, happily, brief.

I am sorry that I was not here for Senator Austin's speech. I was unavoidably detained elsewhere. I can only say that I am sure it merited the encomiums which Senator Smith (Colchester) extended to it.

Senator Smith's speech was, of course, a tour de force. It is quite evident that the Senate has acquired—as we all had been aware, of course, but we now have proof—a most distinguished, articulate and vigorous member, and one whose contributions to our deliberations will certainly be of the very highest value. I say that without prejudice in spite of the fact that I am part Nova Scotian and have a partiality for things and people Nova Scotian.

But as I listened to that very able speech, I could not help thinking that it was an example of Pope's description of Addison as, Damning with faint praise, assenting with civil leer, And, without sneering, teaching the rest to sneer.

There has been a good deal in the comments of the Conservative Party on this subject, not only of, "We told you so," which is, perhaps, somewhat legitimate, but also of, "Well, of course, we are in favour of this, but you are doing it all wrong. It is really a rather miserable attempt and gives people who oughtn't to have power too much power," and so forth, and so on. All sorts of flaws are picked out; all sorts of holes are poked in the thing. Nevertheless, they say, "We are in favour of the general principle. Oh yes, we think something ought to be done. We think controls are necessary. We have always said that controls are necessary, or at least we have been saying it for some time, but you people wouldn't listen to us."

I don't think that is altogether helpful in present circumstances. I was a little sorry that Senator Smith's speech was so heavily flavoured with a partisan spirit. I don't propose to follow his speech in detail. Some of the points took me somewhat by surprise, and I should have to look more carefully at the bill itself before I would be prepared to offer a comment that I think would be worthwhile. But there are one or two things that I think ought to be said that I propose now to say.

In the first place, there is the argument that this government, by refusing to adopt the policy advocated by the Conservative Party in the election of 1974, has allowed things to get worse, and that therefore the worsening of the situation which, undeniably, has taken place, is the responsibility of this government. I think that is a very dubious proposition, to say the least.

Fundamentally, as I understand it at least, the policy of this government was to try to control inflation by voluntary means, by getting a consensus. It tried very hard to get that consensus, but didn't get it. If it had merely sat and twiddled its thumbs during this period, Senator Smith's recriminations might, perhaps, have been deserved, but throughout that period the government, believing as it does in doing things by consent, doing things by the consent of the people affected as far as possible, not resorting to drastic and draconian measures unless necessary, the government was trying to get a consensus which would enable it to get the various sectors of the economy to follow something like the guidelines which are now proposed, voluntarily. That process was pursued

for some time and it failed. Then, as the pace of wage increases, notably, plainly was not slackening, but was quickening, accelerating, the government felt it had to act, even though it could not get the consensus that it had desired.

In Great Britain, the government followed a different course. It waited until it could get the agreement of the trade union movement, and there was something to be said for that. But if you look at the British situation, I think you will find two things: first of all, that the consensus, when it did emerge, was in favour of a much more drastic measure than we have here, essentially a freezing of wage and salary increases and incomes generally, a very drastic and tight freeze over a whole period of a year, not just a matter of three months, as the Conservative Party had proposed here initially. It took a very long time to get that consensus, and by the time it was possible to get it, the position of the British economy had worsened to a positively horrifying degree.

No doubt, the government here could have waited similarly, like the British government, for a consensus. It would have had to wait, I am afraid, a very long time, and by that time the situation would certainly have got vastly worse, as it did in Great Britain. On the other hand, the government could immediately have imposed an absolute freeze—a 90-day freeze, let us say; let us accept that period for argument's sake and then worked out, as Mr. Stanfield apparently proposed to do, a system of controls on a more permanent basis, to be, if I remember the policy correctly, phased out gradually over a period. But if it had done that, I think it would have run the risk of encountering even more ferocious criticism and resistance than it has encountered now.

The inequities of even a 90-day freeze would have been so glaring that the public reaction, especially if there had been no attempt beforehand to get a consensus, would have been very strong, indeed, and very adverse.

This is, to some extent, of course, a matter of judgment: exactly how long is it desirable to wait to see if the consensus could be got? Exactly how serious were the risks of inequity under an absolute freeze, even a temporary one?

I think the government was faced with the choice of either an absolute freeze, even for a limited period, which would then have to be succeeded by controls, which would probably be open to the same kinds of objections as they are now, or imposing controls to begin with, with a great many provisions for what might be described, I suppose, as modifications, a great many provisions to make sure that the inequities which might occur would be limited in scope and not prolonged in duration. It was that alternative which the government chose, and I think it was a sensible choice to make.

● (1530)

The next thing I want to mention, that Senator Smith was agitated about, is the question of the numerous regulations provided for in this bill. Unquestionably, the bill gives a very wide power of regulation to the Governor in Council, and very wide powers to the Anti-Inflation Board and to the administrator. However, I cannot help asking myself what a Conservative government would have done after its initial 90-day freeze had ended. What kind of

controls would it have introduced? What provisions would it have made? I cannot help having a nasty suspicion that it would have found itself faced with very much the same practical problems and the same psychological problems that this government faced in drafting this measure; that it would have had to provide for a great deal of flexibility in order to avoid inequity; that it would have had to work its way rather carefully, to some extent by trial and error; that it could not have produced for Parliament a whole set of detailed regulations carrying the bill into effect. Some degree of generality, some degree of discretion and some degree of flexibility is necessary, it seems to me, if we are to avoid gross inequities under a program like this.

It is possible that some of the clauses are so broad that they give inordinate power. There are, I think, two remedies for that, one of which is provisional, namely, amendments which this house may make in committee, which may improve the drafting of the bill. The other safeguard, perhaps not a very powerful one but one which nevertheless I think could be very effective, a safeguard which would come into play after the bill had become law and when the regulations had been drafted and brought into effect, is—though I hope I do not sound as though I were making a commercial for it—the existence of the Joint Committee on Regulations and other Statutory Instruments. I am sorry that we have not had Senator Smith in that committee. Had he been there, I think he would have realized that this may be a stronger safeguard against abuse than perhaps he would suppose from the knowledge he has had of it, from outside shall I say.

Not only does that committee examine regulations from the point of view of their actual validity, whether they go beyond the powers which have been granted by Parliament, not only do they examine them from the point of view of finding out what in them is obscure and may lead to unnecessary confusion and unnecessary litigation, but also from the point of view of whether they go beyond the intention of Parliament, whether they constitute an unreasonable, excessive or unexpected use of the powers which have been granted by Parliament. In other words, that committee looks not merely at the legal validity of the regulations in comparison with the legislation that empowered the government to make them, but it looks also at whether they trench unduly upon the liberties of the subject, and whether they make an unusual, unexpected or extraordinary use of the powers conferred by Parliament. I think that is a safeguard of some importance. I think as it becomes more established it will be recognized as a safeguard which can be of extreme importance.

When all is said and done, there must be, I think, a certain degree of flexibility in these things. You cannot at this stage foresee all the problems that will arise. Many of the initial regulations will probably have to be modified very considerably in the course of a fairly short time in the light of experience. I do not see how you can have it any other way. It would be very unfortunate if they were plunked down now in front of Parliament and we were told these were, in effect, the laws of the Medes and Persians which change not. It would take too long to come back to Parliament for every change that was needed, so there has to be room for the Executive, and the authorities

[Senator Forsey.]

set up by this legislation, to make adjustments in the application of the legislation in the light of experience.

I was going to say that there were only two other things I wanted to mention, but I see I have in front of me notes on something else. Senator Smith waxed very eloquent, not without reason, on clause 20(8). He omitted from what he said, from his quotation of the clause, certain words which I think are material. I do not mean by this that he intentionally misrepresented anything; that is the last thing I should attribute to Senator Smith. However, I think it important to notice exactly what clause 20(8) says:

An order of the Administrator made pursuant to subsection (1), paragraph (2)(a), (4)(a) or (5)(a) is binding on the person against whom it is made notwithstanding any agreement—

and so on. In other words, this is not quite as wide as it sounded, or seemed to me to sound, when Senator Smith described it. It does not say that any order of the administrator overrides any law that was ever made by Parliament, or is made by Parliament, or will be made by Parliament. It simply says that the order of the administrator pursuant to three parts of clauses of this bill will override laws which are inconsistent with the particular order of the administrator. At least, that is how I read it. It is not nearly as wide as Senator Smith would have led me to believe. I took the trouble to look at it very carefully when he was delivering his oration on the subject, and it seemed to me quite clear that it was not as wide as he was suggesting.

When it comes to the business of overruling the courts, in a sense you can say that is one of the fundamentals of our system. Except on constitutional questions of the division of power between the Dominion and the provinces, for example, we have the power in Parliament or in the legislatures, as the case may be, to override the decisions of the courts. This is part of the sovereignty both the provincial legislatures and the Parliament of Canada enjoy. If I may quote from the decision of the Judicial Committee of the Privy Council, Parliament and the legislatures in their respective spheres “within the limits of subject and area prescribed by the British North America Act enjoy authority as plenary and as ample as the Imperial Parliament in the plenitude of its power possessed and could bestow.”

That being so, they have the power to override the courts if there is a decision contrary to what Parliament wants. So as long as Parliament sticks within its jurisdiction and does not jump the fence into the provincial garden, Parliament can overrule the courts, can establish a different law from what the courts proclaim, can, and must be able to, do so. This is part of the very basis of British parliamentary government. Obviously it does not do this lightly, but there have been cases and cases and cases, both in Great Britain and here, where it has been done.

I shall mention only one in Great Britain, the “Wee Frees” case. After the United Free Church of Scotland decided to unite with the Church of Scotland, a very small minority of the United Free Church stood out against it. They took the case to the courts and won, so the courts awarded to this tiny, microscopic minority of the United Free Church all the property of the Free Church of Scotland. The Free Church of Scotland and the Church of Scotland, the new United Church of Scotland, asked Par-

liament to reverse that decision by awarding the bulk of the property to the bulk of the members of the Free Church of Scotland, leaving to the "Wee Frees" only the small amount which in equity they were entitled to as a proportion of the old United Free Church of Scotland. That was a clear case of Parliament overriding the decision of the courts.

Another very historic case in Great Britain was the action of Parliament in passing the Trade Disputes Act of 1906. The "Taff Vale" case had imposed upon the trade unions of Great Britain legal burdens grievous to be borne, and Keir Hardie, the leader of the Independent Labour Party, in a masterly speech in the House of Commons convinced the Liberal Government of that day that this was wrong, as he considered it, must be righted. They were not proposing to pass any law as drastic as he recommended, but he convinced them that they should go farther and relieve the trade unions of the burden which the "Taff Vale" decision would have placed upon them.

● (1540)

Now, I am not saying in either of these cases that this was the final word of truth, that this was exactly what ought to have been done. I am saying that under the British system, parliamentary government, parliamentary sovereignty untrammelled by the restrictions placed upon legislatures in the United States, for example, parliament or the legislature unquestionably has power to say, when the courts have made a decision, "Well, that is not going to be the law henceforth and it is hereby declared not to have been the law before, because we have power to pass retroactive legislation."

Senator Smith: Perhaps the honourable senator would allow me to ask whether or not in those precedents he is quoting, the minister concerned went out before the court made its decision and said, "I do not care what the court says, I will get it changed", or did this come about afterwards when it became clear that the action of the court was not in accordance with the policy of government?

Senator Forsey: No, I do not think the minister did in those cases make a statement of that sort beforehand. For one thing, in the first case it probably never entered anyone's head that the courts would be so foolish, shall I say, make such fools of themselves, be so ridiculous in their judgment as to award the "Wee Frees" the entire property of the United Free Church of Scotland. This was the view of most Scots apart from the "Wee Frees" themselves. It was regarded by most Scots as a manifestation of English ignorance of things Scots and Presbyterian.

In the other case the government was not convinced until after Keir Hardie's speech, that it should pass this legislation.

This does not affect the principle which I am enunciating, that Parliament has the power. If a minister wants to say beforehand, "If the courts show that we have drafted this legislation in such a way that it does not produce the effects we intended, then we are not going to say that is too bad, we can't do anything about it; we shall rectify the situation by getting fresh legislation from Parliament." I do not see anything outrageous in that at all. It seems to me simply a common sense application of a well understood principle of the British Constitution.

Senator Smith: I wonder if the senator's patience would extend to allowing me to ask whether he believes that I have said anything which was inconsistent with the principle which he has been speaking about for the last ten minutes?

Senator Forsey: It sounded rather as if the honourable senator had. If that was not what he intended I am delighted to have given him the opportunity of clarifying, for others also who perhaps may have misunderstood him, the point which I have just been discussing.

Senator Greene: Would the honourable senator permit a question in the same vein, before he goes on? For those of us who are not on the Standing Joint Committee on Regulations and other Statutory Instruments, could he enlighten us as to the powers of that committee to either amend or veto a regulation which violates individual rights or goes beyond the intent of the legislation? Does the committee have that power?

Senator Forsey: No, it cannot.

Senator Greene: How does it police it, then? I thought the honourable senator was trying to give us some assurance that if the administrator, or any of the agencies under this act, went beyond the scope of the act, then the Statutory Instruments Committee would be some protection in this regard. Perhaps he could enlighten us.

Senator Forsey: Some protection. Of course, I was not suggesting that a committee could annul a regulation validly passed. The committee can and would, I think, certainly draw the attention of both houses, in a stiffly worded report, to any regulation which did this kind of thing. I think I am safe in saying the committee shows a very strong spirit of non-partisanship and will probably go on doing that. I can certainly answer for one member of the committee. As long as I remain on it, I shall not be a trained seal, or just register the opinion of the government, whatever it might happen to be.

No, this is not a complete safeguard. It is a certain safeguard. There will be someone there watching, someone coming back and reporting to the two houses. Then, if the thing is flagrant enough, surely you would have some opportunity, even with a government with a large majority, some opportunity of getting a rectification. I should hope there would be that.

Of course, if you are a very cynical person, you may say that those miserable Grits are beyond redemption and no matter what kind of outrage you reveal they have committed, they will do nothing about it. I am unable to take this dark and cynical view of those with whom I am at the moment politically associated.

There are just, I think, two other things that I want to say. One is that when people reproach the labour movement of this country with the attitude of defiance, which it has generally taken up, I hope they will remember that one of the largest unions in this country, the Public Service Alliance, in the brief which it presented to the committee in the other place, was most sensible, moderate and constructive. It pointed out a great many of what it considered defects in the legislation, but it did not take an attitude of absolute opposition. It presented a brief which, in my judgment, was a credit to anyone appearing before that committee. You may or may not agree with the particular

things that it said, but it seems to me they were put forward in a calm, reasonable and proper way, and were constructive criticisms of the legislation. This, I think, should be chalked up as a good mark for at least one part of the labour movement in this country by those who are apt, after reading the pronouncements of certain other unions, to take a very dark view of the behaviour of that movement.

I want to add one further thing arising out of an interview, a prolonged interview, in my office the other day with some representatives of the Ontario secondary school teachers. They talked as if collective bargaining were the supreme value in our society, untouchable, something which in no circumstances would a government be justified in abridging, in any degree. Now, they might not be willing to admit they went as far as that, but that is what it sounded like. They erected collective bargaining into an absolute value. They made it almost a god. I wish to register my objection to that view.

I think collective bargaining in a democratic society—an industrialized democratic society especially—is of immense importance. It is a right which should not be lightly interfered with. It should be interfered with as little as possible, but I simply deny that it is an absolute value. I decline to accept the view that it is a god, before which the whole of society must bend the knee, and worship in humble adoration. It is important, but it is not the sole value in society nor necessarily at all times the highest value. There are times when it must be limited, as indeed it is now being limited very drastically in Great Britain with the consent of the trade union movement, at long last.

I think for that reason it is the more important to notice that the Public Service Alliance did take a reasonable attitude on this subject, and did not attempt to make collective bargaining into the supreme value of society.

Perhaps I might add parenthetically, as I referred to the Ontario school teachers, that I have considered again the point that came up during the previous debate on the White Paper, about the power of the Ontario Government to cede jurisdiction over its employees to the Government of Canada. Now, there is no doubt, of course, that that could be done by legislation. Administrative delegation by legislation is a not uncommon feature of our system now ever since the famous *Willis* case dealing with the Potato Marketing Board in Prince Edward Island. Some of the collective bargaining acts immediately after the last war contained provisions which would have allowed the province, by agreement with the Government of Canada, to hand over the administration of the legislation to the Canada Labour Relations Board.

There is no question that the Government of Ontario could have introduced legislation of that sort in the legislature of Ontario in order to place its employees under the guidelines and under this legislation. But I do not think it was necessary to do so in this instance, because here, if the law officers of the Crown are right—and I am inclined to think that they are, and I have the support of a very eminent constitutional lawyer in that sense—if the law officers of the Crown are right, this legislation, if there were no clause in it providing for agreements with the provinces, would apply just as the Wartime Prices and Trade Regulations applied to the employees of provincial

[Senator Forsey.]

governments. They applied to everyone, as far as I know. It was not necessary to get an agreement of the provinces to make those regulations applicable to provincial employees.

In this particular legislation, the government, being anxious again to get as much agreement as possible, did not try to impose its own views on the provinces. It said, "We are prepared to make arrangements with you; by agreement with you, we are prepared to let you hand over jurisdiction over these people to the Government of Canada. We could do it without any agreement at all but we are prepared to make an agreement with you so we can see just exactly how you feel the matter should be settled and we can get your advice and your judgment on the thing."

● (1550)

This was, in effect, an *ex gratia* concession by the Government of Canada to the governments of the provinces, and at least one, the Government of Ontario, has apparently decided it is prepared to take advantage of this. It is advised by its legal officers that this is perfectly valid, as it seems to me that it undoubtedly is. Therefore, it has undertaken to hand over jurisdiction simply by an agreement and without legislation.

All this, of course, is based upon the assumption that this legislation in general is valid. That, of course, is something on which nobody can pronounce finally unless and until it comes before the courts. But I think there is good reason to believe that it is a legitimate, proper and valid exercise of the power to make laws for the peace, order and good government of Canada, even under the restrictive emergency doctrine of Lords Watson and Haldane when they spoke for the Judicial Committee of the Privy Council.

That is merely by way of parenthesis, because I think it is of some importance that there should not get abroad an impression that the government and the Parliament of Canada are invading provincial jurisdiction, or for that matter that the Conservative Government of Ontario is so recreant to its duty, or so negligent of constitutional propriety, that it is prepared to do something by agreement which in fact can only legitimately and legally be done by legislation.

Senator Phillips: Is the Province of Ontario different from the other provinces?

Senator Forsey: No.

Senator Phillips: Then why specify the Province of Ontario?

Senator Forsey: Why specify the Ontario Government? Because I have a peculiar respect for that government.

Senator Phillips: Well, if you have respect for that government, then I will join you in that respect.

Senator Forsey: I cannot forget that I was brought up a Conservative, and have probably voted Conservative oftener than I have voted anything else. And perhaps I shall do so again. I don't know. That depends on the circumstances. If the Conservative Party does what commends itself to my judgment and conscience, I shall have no hesitation in voting for it, as I did over and over again in the past; sometimes, I must admit, because there was no CCF candidate there, and sometimes for other and perhaps stronger reasons.

I wanted to make that final comment, that it seemed to me that the Government of Ontario was quite within its rights in feeling that it did not need to resort to legislation on this subject, and any other province, of course, would be equally within its rights. But any of them who chose to resort to legislation or any of them who chose not to make an agreement but to set up their own machinery would be perfectly at liberty to do so.

But I see the great authority on the rules and practices of this house shaking his head, intimating, no doubt correctly, that I have gone on quite long enough, if not too long, and I shall therefore, honourable senators, take my seat, hoping that I have contributed something of some value to the discussion of this measure.

Senator Smith (Colchester): I wonder if Senator Forsey would be generous enough to permit me another question?

Senator Forsey: Certainly.

Senator Smith (Colchester): The question is whether clause 20(1) is not one of those provisions in clause 20(8) referred to by the senator and myself, and if so does not clause 20(1) read as follows:

Where the Administrator is satisfied that a person is likely to contravene the guidelines, he may make such order as he deems appropriate to prohibit the person from contravening the guidelines generally, or in a particular manner specified in the order.

Senator Forsey: Yes, that is the way it reads. So what? All I was saying was that the power given in subclause (8) does not appear to me to be as wide as Senator Smith (Colchester) seemed to suggest. It is wide; it is very wide, and I think it has to be wide. Perhaps it is too wide. This is a matter which I think the committee could very well consider. It is possible that this is an excessive grant of power. I am not prepared to say offhand that it is not. I would like to hear arguments on that. I really wanted to make the point that clause 20(8) does not give the administrator power to override any laws whatsoever; it is limited to a certain degree, although possibly not enough.

Senator Smith (Colchester): I suppose I should not really carry on an argument because it is not in order to do so, so I shall not press the point at the moment. But I think I have made it rather clear that it is pretty wide.

Senator Forsey: It is wide. That is what I said.

On motion of Senator Grosart, debate adjourned until later this day.

Senator Langlois: Honourable senators, I suggest that the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately 8 o'clock this evening.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

RULES OF THE SENATE

COMMENCEMENT DATE OF AMENDMENTS CONTAINED IN REPORT OF STANDING COMMITTEE ON STANDING RULES AND ORDERS—AUTHORITY TO REPRINT RULES

Senator Molson moved pursuant to notice:

That the amendments to the Rules of the Senate contained in the Report of the Standing Committee on Standing Rules and Orders, dated October 29, 1975, and adopted by the Senate on November 26, 1975, shall come into force on the first day of the Second Session of the Thirtieth Parliament.

He said: Honourable senators, with leave of the Senate, I move, pursuant to rule 23, that the motion be modified to read as follows:

That the amendments to the Rules of the Senate contained in the Report of the Standing Committee on Standing Rules and Orders, dated October 29, 1975, and adopted by the Senate on November 26, 1975, shall come into force on the first day of the Second Session of the Thirtieth Parliament; and

That the Rules of the Senate, as amended, be reprinted in the English and French languages in conformity with the arrangement, style, numbering and lettering used in the Statutes of Canada, with a detailed index, an appendix showing the bibliography of related statutes and an appendix containing the relevant forms of proceedings.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion as modified?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, may I have leave to complete a partial answer I gave to Senator Grosart this afternoon?

Hon. Senators: Agreed.

Senator Langlois: The question posed by Senator Grosart was in connection with the legislation covered by the messages received today from the House of Commons. He inquired whether there was any timetable for the disposal of this legislation.

I refer the house to the first item, which is Bill S-27, to amend the Canadian Overseas Telecommunication Corporation Act, which is returned to this house without amendment. Therefore, this item is merely placed on the list of those bills which will receive royal assent when that next takes place.

The second item is Bill C-1002, to incorporate the Northland Bank. As honourable senators will recall, Senator Cameron, the sponsor of this bill, moved today that it be placed on the Orders of the Day for second reading on Wednesday, December 10, and it is expected that it will be referred to the Standing Senate Committee on Banking, Trade and Commerce on that or the following day. There is no urgency, but I should mention that I am informed that the officers of this bank are presently in Ottawa, and if we could refer the bill to the committee this week before they

return it would be very convenient for them. However, this is simply a hope which I express at this time in order to endeavour to accommodate these distinguished visitors to the capital city.

The third item is Bill C-74, to amend the Regional Development Incentives Act. I moved this afternoon that this bill be placed on the Order Paper for second reading on Wednesday next, December 10. The sponsor of the bill will likely move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce which, in my opinion, is the appropriate committee to consider this legislation. Again, there is no urgency, except for the importance of clearing the way for other legislation which may come to us between now and the end of the present session, as our committees will be quite busy from now until we recess.

I hope these remarks cover the points raised by the honourable senator.

Senator Grosart: My specific question related to Bill C-73. I was asking about the timetable respecting that.

Senator Langlois: I thought I had answered that this afternoon. I am sorry if I was not clear. I referred to the statement made last week by the Leader of the Government, when he mentioned that hopefully the bill could be dealt with during the present week. He mentioned, if I recall correctly, Thursday or Friday as being the day on which we could expect the bill to be disposed of.

I do not think I have anything further to add. If further information is required, no doubt it will be supplied by the Leader of the Government.

ANTI-INFLATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from earlier this day the debate on the motion of Senator Perrault for second reading of Bill C-73, to provide for the restraint of profit margins, prices and dividends and compensation in Canada.

Hon. Allister Grosart: Honourable senators, it is probably unnecessary for much more comment on the bill from this side of the house in view of the thorough examination given it in the excellent speech made this afternoon by Senator Smith (Colchester).

However, I have some comments to make on that speech, and perhaps this is the occasion on which some specific answers might be sought on points raised by Senator Smith.

Senator Forsey, for example, suggested that it was a partisan speech. I am sure he was not surprised at that, because we are dealing with a bill where the elements of political opportunism, both in the background of the bill—the events leading up to it—and in the measure itself, are so obvious that it almost necessarily calls for partisanship, particularly because we are dealing with the solution suggested earlier by one party to the inflation problem and the solution now suggested by the government.

Senator Walker: Senator Forsey understands partisanship on all sides.

Senator Grosart: Senator Smith has made it clear why the government has changed its mind. It took a strong

[Senator Langlois.]

position rejecting completely the concept or controls during the election campaign and has now, in its wisdom, found it necessary to introduce controls.

I do not object to a government's changing its mind—there is nothing wrong with that—but one has to be suspicious when one is faced with a situation where, during the election campaign, the major plank in the platform of the party which now forms the government was that it completely rejected this concept, and which now proposes a bill imposing controls, but in which it uses throughout the phrase “guidelines”—and I will have something to say about that in a moment.

Secondly, there is, I am quite sure, grounds for some partisanship when a government, after a long series of weak and ineffectual approaches to major economic and social problems, decided, as this government did, to spend its way out of the problem by such things as indexing and other measures just to patch up the results of its own inefficiency and weakness; and by so doing, by these excessive expenditures, as Senator Smith so well pointed out, escalated the problem it was attempting to solve. The result is that we have major galloping inflation, one of the major causes of which has been this increase in federal government expenditures.

There has been some reference by Senator Forsey and others to the government's attempt, first, to obtain voluntary agreement on guidelines. This is so. The government did make such attempts. It was suggested that this explains why the government finally had to come along and present Bill C-73 in the terms in which it is before us. But, of course, it should be pointed out that this decision to try the voluntary way was four years after the government itself had admitted that inflation was a serious problem.

● (2010)

In 1972 we had the statement by the Prime Minister that inflation was so serious that this government will wrestle it to the ground. What it did, of course, was wrestle it up to such serious proportions as we have never seen in our economy.

The Leader of the Government shakes his head. He may object to my metaphor, that it wrestled it up. I didn't say it “rested up”, but “it wrestled it up.” Hold by hold, piece by piece, excuse by excuse, by bad decisions and bad guesses, it wrestled it up slowly to the proportions with which we are now faced.

It has also been suggested that the government tried very hard to achieve a consensus as to how it should go about dealing with inflation. Well, one only has to know what has happened to the present bill to realize how absurd any suggestion might have been that a consensus could have been obtained in advance of the presentation of this bill. We have the organized labour movement rejecting the bill; we have management, large and small business, rejecting it; we have statements by the banks, the CMA, by the leaders of small business groups, saying it won't work. We have even had the Public Service itself, both federally and provincially, saying it won't work and, of course, we now have Ontario teachers saying that they have an organized plan to defy this law.

Senator Perrault: Shocking!

Senator Grosart: The Leader of the Government says "shocking", and I agree. I agree entirely. I find myself wondering what these teachers are going to teach their students when they resume teaching. Are they going to tell their students that if they regard any law—and what they are dealing with is the application of this proposed law—as unfair, they can defy it? Can you defy the laws limiting speed limits? If your street is made a one-way street in the public interest, can you defy that?

One would wonder if the teachers are saying to the bootleggers that they can defy the law—and bootleggers, no doubt, dislike our laws and regard them as unfair, restricting as they do their hours and their way of doing business. Are the teachers going to say that bootleggers can defy the law if they do not like it? Along the same lines, we have B-girls, or prostitutes. They, unquestionably, find the applicable laws at the moment unfair.

Are the teachers going to return to the classrooms and say that if anybody finds a law unfair, they can get together with those who are concerned with it, and plan to defy that law? That, if I read the morning paper correctly, is exactly what is happening, and with that, of course, I have no sympathy whatsoever. But it does indicate the hypocrisy—and I think that is not too strong a word—the hypocrisy of the government's saying, "Well, first of all, we tried voluntary controls"—it knew voluntary controls would not work—"and then we tried to achieve a consensus"—and it knew it would not get a consensus—"and because we could not get a consensus we have had to bring in this tough, tough law."

It is a familiar case of weak and inefficient leadership—whether it is parents, teachers, or anybody else—finally faced with the result of its own weakness and inefficiency, saying, "Now I am going to get tough." The minute they do that, comparing it with their former weakness and inefficiency, they completely lose their credibility. No one believes them. That, I suggest, is our position in respect of this bill.

Senator Greene asked Senator Smith a very good question, and a good question generally elicits a good answer, which is what he got. His question was whether the Progressive Conservative program was one of freeze or controls. Senator Smith said, "It is both," quite rightly so, because it was. The present bill certainly is not a freeze, because the government has gone out of its way to say, "Oh no, we are not putting in controls. We are putting in guidelines," which is about the height of utter hypocrisy in legislation in my time here. These are guidelines which are mandatory, which are not guidelines in any normal sense of the word. I say there are no guidelines in this bill in that sense.

The consensus of labour, management and the public service is that these so-called controls will not work, so we have neither a freeze nor controls. But we have guidelines. I say we have no controls in spite of the draconian, authoritarian terms in which these guidelines are presented to us. If they could work, if there was any chance that they might work, we might be inclined to go along with them, although I very much doubt it because of the very nature of the authoritarianism of this bill.

I have read this bill and read some of the comments on it, and the major criticism I find of it is that it is a panic

overreach, an overreach to a panic situation created by the government, which, with the typical kind of reaction of people who have failed by their own weakness, their own indecision, suddenly say, "Now we are going to get tough." Usually when somebody says he is going to get tough, whether it is a parent or anyone else, he gets so tough that his authority diminishes, which is what I predict for this bill.

I said I would speak about guidelines. The bill uses the word "guidelines" throughout. I am quite sure we all understand the word "guidelines," which in normal parlance means suggestions for voluntary conduct in any kind of situation. The bill makes a quick pass at this where it suggests that there are these kinds of guidelines. This appears in clause 3(1), which says:

The Governor in Council may from time to time cause to be published and made known guidelineed for the guidance of all Canadians in restraining profit margins, prices, dividends and compensation.

Real guidelines for all Canadians. They then very quickly run away from that and say, "No, we are not talking about that at all," because in the interpretation clause we find:

"guidelines", except in subsection 3(1)—

The clause I have just referred to, the real guidelines.

means the guidelines from time to time established by the Governor in Council pursuant to subsection 3(2).

And so on. So we are told immediately, "We are only using guidelines because it would be impolitic, in our view, to use controls because that is what the Conservatives suggested." Thus we have this utter hypocrisy of this word "guidelines."

The earlier clauses of the bill talk about "guidelines by regulation," but then later on the bill forgets that because the interpretation clause covers it. Guidelines in the true sense are nowhere to be found in this bill except in that one reference in clause 3(1), of which there is no other mention. In this bill guidelines are nothing more than regulations. Why are they called guidelines? It is utter pretence, utter hypocrisy, running away from what the government says it is trying to do.

● (2020)

What are these guidelines? Well, guideline 3(2), which is the effective clause here, says:

The Governor in Council may, by regulation, establish guidelines for the restraint of . . .

Following upon that we have a long list of regulations which will restrain various activities of Canadians.

The previous clause 3(1) is the end of the pretence. From there on, we are given some kind of indication of what the so-called guidelines are. The guidelines repeal all price and profit margins previously established by law. All other law is washed out by the guidelines.

There are references throughout to "enforcement" of these so-called guidelines. There is a statement to be found in clause 12(1)(b) that "enforcement" will be not only by the letter of the law but by the spirit of the law. We are going to enforce the spirit of the guidelines by penalties. I am sure that has never been heard of in any act of Parliament in our entire history. So, over and over again, in this cheap guise of guidelines, we have the greatest transfer of

authoritarian power to a civil servant—a civil servant known as the administrator, a single civil servant. Nothing like this has happened, I suggest, in our history. We would naturally expect that the administrator would have to account for his actions regularly, but, no, section 17(3) says that the administrator shall report as the minister may require. If the minister does not want him to report, he never reports. Guidelines!

Then, clause 19(1)(b) says that this civil servant administering the guidelines may authorize any employee to enter any premises or place where any business is carried on—he can do all sorts of things “in his opinion”—and examine property described by an inventory or any property, and so on, which may “in his opinion” assist him.

This civil servant may “in his opinion” if, during the course of an audit or examination, it “appears to him” that there has been a contravention of this act, seize and take away books. This is what may be done if it appears to him—this one civil servant—that there has been a contravention. Guidelines—this is what they are called.

On page 19 we find the orders. We are away now from any pretense of guidelines. We are now into the orders he can give. Clause 20 (1) says:

Where the Administrator is satisfied that a person is likely to contravene the guidelines, he may make such order as he deems appropriate . . .

“Likely to contravene!” And these are supposed to be guidelines, mind you. This is a civil servant who can give this order if he deems it appropriate to prohibit the person from doing certain things. There is no reference whatsoever to the courts. This civil servant says, “I deem it appropriate to do this,” and that is the end of it under this bill—and they call these guidelines.

What I find interesting under this notorious clause 20 is that if the administrator decides that someone is about to contravene or has contravened the act, he is then given these fantastic powers. But the fact is that the person has not contravened the act, has not been likely to contravene the act, because there is no evidence whatsoever except the opinion of this one civil servant. If the administrator thinks the person has contravened the act, then the civil servant has the power to impose penalties.

It is true that there are appeals, and I will come to them in a minute, but the appellate considerations in this bill are about as thin as they have ever been at any time. They are completely restricted in so many ways that anyone who appeals from a decision either of the administrator or of the Appeal Tribunal should have his head read, because he has not got a snowball's chance under the restrictions put in here, where the burden of proof is often on the appellant and where the Appeal Tribunal is not a court of record and does not have to give written opinions. And yet, despite these things, there is supposedly an appeal from the Appeal Tribunal to the Federal Court. But what will the Federal Court adjudicate on? It cannot, under this bill, consider the actions of the administrator. There is no authority—and if the Honourable Leader of the Government wants the citation I will give it to him—there is no authority whatsoever for the Federal Court to consider for one minute whether the administrator was right or wrong, whether he injured some person or whether he even

[Senator Grosart.]

destroyed that person's career. The Federal Court cannot look into that. It can only consider the judgment of the Appeal Tribunal.

So much for the appeal, the fictional, false, fantastic right of appeal that is written into this bill. That is why I have used the word “hypocrisy.” I find nothing but hypocrisy throughout this bill, which pretends to give some substance to individual and collective rights when it is actually destroying them over and over again.

There is another equally alarming aspect to the business of appeals. The administrator can impose a penalty on anyone who, in his opinion, has contravened the act or might be about to contravene the act. He can say, “You must now deposit so much money with Her Majesty. This is your penalty.” The administrator can do that on his own judgment. The amount involved may be \$100 a day for 20 days. It may be lower, it may be higher. It can be \$5,000. It can be \$10,000. If the person who is being penalized is a small businessman and cannot put up the money, his situation becomes even more dire, because he then loses his right of appeal. If he is a small businessman, and cannot put up the money when the administrator says he should, do you know what happens then? He loses his right of appeal to the Federal Court. This is the kind of bill that we are asked to pass, as a panacea for the weakness and inefficiency that has characterized the handling of this problem of inflation by the government over the years.

● (2030)

Of course, it will be suggested that the bill says, “There could be a real problem for us here. Perhaps there are other acts of Parliament that protect the rights of individuals, or the collective rights of all, so we had better take care of that.” This the bill most certainly does. It is clear that this bill actually attempts to say that notwithstanding any other act of Parliament, notwithstanding any act that may be passed in times to come, Parliament cannot, in the future, pass an act to repeal this measure. I do not know whether this would stand up in court. I cannot believe that it would. I cannot believe that any bill before Parliament can constrain that Parliament or any other in this way. Nevertheless, this is what the bill says.

Let me go back to the question of appeals for a moment. No matter how aggrieved or injured the appellant may be, the bill clearly states, in clause 35:

No costs may be awarded by the Appeal Tribunal on the disposition of an appeal.

The appellant may have been put out of business, he may be 100 per cent right, but under this bill no costs can be awarded to him. Honourable senators, what kind of legislation are we dealing with? I called it “over-reach,” but that is probably a euphemism.

I now come to the whole matter of the extent to which this panic over-reach has infringed the basic individual and collective human rights for which our forefathers have fought ever since Magna Carta. These basic human rights are completely abrogated in this bill. I believe this to be the case, and perhaps the Leader of the Government will tell me if I am right. I cannot ask him to interpret proposed legislation, but I can ask him to tell me if it is government policy under it to make explicit provision that neither existing nor future laws shall apply in respect to this bill,

and particularly that future laws shall not apply? I refer him, with respect to the first case, to clauses 4.1 and 14 (3), and, with respect to future laws, to clause 20(8).

I wish also to ask the Leader of the Government if it is the intention of the government to make sure that there will be no judicial review of the act, and whether it is essential to deny the right of the courts to adjudicate on the legality of its administration.

I would also ask the leader if it is the intent of the government, in writing this bill as it stands, to abrogate completely those extraordinary remedies on which individuals have, in the process of the development of our legal system, relied for protection against the use of arbitrary powers by the Executive. I would ask him, for example, whether it is government policy—though, as I say, I cannot ask the Leader of the Government to interpret the law—to make an order of the administrator “binding on the person against whom it is made... notwithstanding that the order conflicts with any thing that was established in accordance with or approved pursuant to any such other act or law.” That is to say, notwithstanding any other act or law enacted or made before or after the coming into force of the act.

Is it the intention of the government in that phraseology completely to abrogate the basic rights of citizens to proceed by various writs which have been established over the years? The Leader of the Government shakes his head, and I hope he is right. I hope it was not the intention of the government to achieve what appears to be achieved in this bill, and I hope that he will get up and say that it was all a great mistake, that that was never the intention of the government, that he is terribly sorry that this is so, and that they are going to refer this bill immediately to the Supreme Court of Canada to find out if they have gone beyond their intentions. I am, as I say, glad to see him shake his head because I hope he is right.

I would ask if it is the intention of the government, for example, to abrogate the provisions of the Interpretation Act, section 34(1) of which provides:

Every Act shall be so construed as to reserve to Parliament the power of repealing or amending it, and of revoking, restricting or modifying any power, privilege or advantage thereby vested in or granted to any person.

That, honourable senators, is the Interpretation Act, but this bill says the very opposite.

I ask the Leader of the Government if it was the intention of the government to make the provisions of the Interpretation Act not applicable in the administration of this bill. I would ask him if it was the intention of the government to make the provisions of the Canada Evidence Act not applicable in relation to any matter covered by this bill. The Canada Evidence Act, as I understand it, does provide the safeguard that where a person is under examination, no answer given in the course of such examination or any statement can be used or received in evidence against him in any criminal trial. Was it the intention of the government to make sure that that protection of the Canada Evidence Act did not apply?

Of course, there is the case of the Bill of Rights, which Senator Smith referred to. I don't know, and I don't think

anybody knows, whether the provisions of this bill are intended to make the provisions of the Bill of Rights completely inoperative. The Bill of Rights, of course, makes it clear that there must be an express statement that such and such a bill does not abrogate the provisions of the Bill of Rights. On the other hand, this notorious clause 20, and particularly subclause (8) which was discussed in the dialogue between Senator Smith (Colchester) and Senator Forsey, expressly declares that certain orders of the Administrator are binding on the person against whom they are made notwithstanding any other law enacted or made.

Is that an express declaration that the Bill of Rights does not apply? The minister says that he does not think it does. I would ask the Leader of the Government to tell us if it was the intention of the government that the Bill of Rights should not apply to any action taken under this act by a civil servant or other person? I would ask him also if it is the intention of the government to make inapplicable those extraordinary remedies for which we have fought for 700 years—the extraordinary remedies of the law like *habeas corpus*? The application of *habeas corpus* seems to be brought into doubt by this act, also the great writ of *mandamus*, the great writ of *certiorari*, and others. Is there anything in the bill that might suggest this?

There most certainly is, and I shall come to it in a moment. It is here—and I should remember the notorious phraseology of this clause, which says that all these traditional remedies cannot be applied against the administrator. This bill is so utterly confused—it runs back and forth—so that we can never tell quite where these things are. I thought I had marked it in red; I marked the notorious ones in red.

● (2040)

Senator Flynn: That is the proper colour.

Senator Grosart: The less notorious ones—

Senator Perrault: The ones you support are marked in blue, I suppose.

Senator Grosart: In blue. I am sorry, but I will find it.

Senator Croll: We hope you do not.

Senator Grosart: That is a good suggestion. Senator Croll says he hopes I do not find it, and I am sure that sentiment has great support on the other side.

I will continue, and deal with the question of the nullification of the power of the courts. When we go back we find that the draftsmen of the bill, no doubt acting on the instructions of the government, wondered if they had really done what they were supposed to and written the courts out. So we come to clause 38, where we read as follows:

For greater certainty, a decision or order of the Administrator under this Act is not subject to review or to—

This is the clause for which I was searching, and it is also marked in red. I shall read it once more:

For greater certainty, a decision or order of the Administrator under this Act is not subject to review or to be restrained, prohibited, removed, set aside or otherwise dealt with except to the extent and in the manner provided by this Act—

The "extent and manner provided in this act" is so minimal that it is not worth even quoting. I ask: Is it the intention, is it the policy, of the government in inserting this clause to make inapplicable completely all these traditional instruments for the protection of individual rights against arbitrariness on the part of the government or the executive? Perhaps the Leader of the Government, as he sponsored the bill, will help me in this. He only shook his head once. He is not shaking his head every time I ask these questions, but at least on one we have this indication that it was not the intention of the government, and I hope he will return to the subject and say that it was not the intention of the government to abrogate any or all of these fundamental civil rights and remedies.

Senator Perrault: I shall reply in due time, but I wish to give you a fair hearing first.

Senator Grosart: Yes. The Leader of Government always gives me a fair hearing, and I have no objection if he wishes to ask me some questions as I go along, because he knows I always appreciate his questions. I know they are very much to the point and are asked for no other reason than to be helpful to me.

I come now to my two final points. First, the provinces. There are various interpretations of this bill in this area. I will mention only one point. The bill says very clearly that if the Government of Canada enters into an agreement with the government of any province, the result of that agreement will become binding law.

All I ask is: Did someone forget that section 92 of the British North America Act does not give the government of any province the right to enter into any agreement to change the Constitution? Section 92 says explicitly that the legislature of the province has the exclusive jurisdiction. Yet we have this clear statement that if two governments get together they can change the Constitution. They cannot. Those rights are rights vested in the legislature and not in any government, either federal or provincial. There is no mention of this obvious fact that these rights are vested in the legislature, and in my view no agreement between any two governments can change the British North America Act.

Finally I come to the matter of regulations. There has been some discussion of this. Senator Smith raised the question. The "guts" of it are obviously the regulations; yet we do not have them. We have these fantastic powers for the administrator, for the Governor General in Council to make the regulations and the Anti-Inflation Board and the administrator to administer them. Senator Smith said that surely we should have the regulations before us before we are asked to pass the bill. The Leader of the Government said, "Oh no; are you really suggesting we should always have the regulations before us before we pass a bill?"

I think that was what Senator Smith was suggesting. Certainly it is what I have suggested before and will continue to suggest. I say that until we are in a position where we in the Senate say that we will not pass any bill until we have the regulations before us, we are probably not doing the job we could do in this respect, because we know that over and over again the regulations are the bill.

We always have this statement: "How can public servants come up with the regulations until the bill is

[Senator Grosart.]

passed?" What nonsense. Of course they have come up with the regulations.

Senator McIlraith: They have come up with proposed regulations.

Senator Grosart: Yes. Proposed to whom? Not Parliament. Parliament has nothing to do with them.

Senator Perrault: The most they can do is draft proposed regulations.

Senator Grosart: They are proposed at that time. Parliament never sees them. From being proposed at that stage they become regulations in force under the act, if there is an order in council to that effect. I say it is an abrogation of our responsibility ever to pass a bill when we do not have the regulations.

Public servants say that they have to wait until the regulations are passed. If someone says that the government proposes legislation and then says, "We do not know what regulations are necessary to make it effective," then that government has to be out of its mind. Of course they know what the regulations are, because the government lays down what it wants to achieve. When the government asks the draftsmen to draft a bill it says, "This is what we want to achieve." They do it in two ways: first in the wording of the bill, and, secondly, in the regulations.

The government in this case has come forward and said "We do not know what the regulations are." Yet we have the administrator prescribing regulations which are not yet in force. But he is making statements every day—I do not know what he calls them; that is my interpretation—such as to the effect, "All right, Falconbridge can have a 37 per cent increase." I am not objecting to that, but he does not have the regulations that permit him to do so, nor do we. We do not know on what authority he makes those decision, and this, of course, will continue until we have the regulations. Then we will be faced with a situation which we are faced with now—we will be faced with an act which we know nothing about now in terms of what it is intended to mean.

● (2050)

I say to the Leader of the Government, I hope the time will come when, not only in the case of this legislation but in the case of every bill that comes before us, we will insist on having the regulations, and if the public servants cannot come up with them, they can go home and go on the pensions to which they are entitled.

Hon. Paul Desruisseaux: Honourable senators, I should like to add a little to what has already been said on Bill C-73. First of all, this is an emergency bill, and my views will not differ in any significant respect from the views of those who want to see an improvement in the problem of inflation.

[Translation]

Honourable senators, Bill C-73 is in my view one of the most important pieces of legislation we have had to date.

About the year 300, Emperor Diocletian issued a decree to fight inflation then rampant, freezing prices and wages. He did not then refer to escalating expectancies, but much more directly to the greed of the people who, in his words, "think only of personal gain and profit margin."

Under that emperor, those violating the new decree incurred capital punishment. The edict provided for fixed and specified prices for approximately one thousand items. Well, that simple and comprehensive scheme, with capital punishment for violators, failed to stop the galloping inflation then rampant. Prices kept on rising. Money kept depreciating despite that harsh legislation without loopholes and without the contagious effects of spiralling inflation problems in foreign countries.

In the preamble to his edict, Diocletian attempted to put the blame for rising prices on dishonest merchants who, said he, were defrauding the people.

But the empire was at that time, much as is the state today, the most important business corporation by far, and the major inflationary force. But it had no wish to change and amend itself. The reason, at that time as today, was that the state did not dare indispose the people or reduce their benefits.

Rather than put its own house in order, the Roman state built up a bureaucracy to establish and maintain artificial economic ceilings. Nonetheless, the great hope to solve inflation by way of an edict totally collapsed.

Bill C-73 now before us proposes a series of emergency measures to solve an inflationary situation that has now become threatening, but that nobody will indeed solve in any way. Indeed, as I suggested a few days ago, nobody among our economists, among our government advisers or among our representatives ventured to recommend a superior economic plan that would offer a more valuable or surer alternative than the anti-inflation program proposed in Bill C-73.

Up to now, the government had refrained from price and wage control legislation to fight inflation. Lest it contribute to increase unemployment it had even refrained from tightening the purse strings, containing expansion and the abundant flow of Canadian currency outstanding, or compressing the economy and the gross national output as it could have done with appropriate anti-inflation monetary measures. Despite the warnings in our statistics, for the reasons I mentioned, our government then chose to help our Canadian citizens to live here with the least constraints possible due to unemployment in a greater freedom of action for their development and in the absence of punitive restraints or control over their economic liberties.

But this, like anything else here or elsewhere, had a price, a price that had to be paid and which could not be postponed indefinitely in the future or be submitted in the near future to a period of restriction and fight against inflation to counterbalance a nearly artificial and inflationary expansion. Other industrialized countries followed this very model in various degrees and the people of those countries benefited from the same advantages as we did. They must now also pay and return—as we will have to do—to the great realities and the great economic principles.

Observance of the great economic principles remains our best corrective guarantee and the desirable and sure way of really solving our inflation problems here in Canada. Unfortunately that is what the majority of Canadians are trying to avoid considering and refuse to see implemented by our government. Every day brings evidence that

Canadians feel really incapable of worthy sacrifices to fight inflation. They do not even understand the appeal made on patriotic grounds.

The government was against controls. The measures proposed in Bill C-73 involve a fight plan which, I think, it never found attractive and in spite of all that was done to make it less cumbersome for the people, the plan proves to be most unpopular. The plan in itself gives rise to a score of serious problems. It does not give a mandate having enough scope to achieve its aim entirely. I do not share the opinion expressed earlier that this legislation grants some powers to the officials who will eventually enforce it.

This bill offers many loopholes to those who want to escape the controls. As it is now, this legislation cannot be enforced. It applies only to certain classes of people and corporations. I feel this is essentially bad and will bring about embarrassing confrontations.

As proposed, this legislation is still open to a great many interpretations which may change its scope and cause confusion in the minds of the Canadian people.

Some people even suggest that parts of Bill C-73 are unconstitutional. Therefore, this bill will hardly gain unanimous support, in spite of the fact that the sponsors hope to obtain universal endorsement and cooperation, to make it reasonably operative.

● (2100)

[English]

A number of references have been made to what was done through control legislation in Great Britain, the most experienced nation in the Western World with respect to control laws and how they operate. It is from such an examination that I must conclude that Britain cannot offer us a solid restrictive control law as an example to follow. During the past ten years Britain legislated certain control policies on six separate occasions. Mr. Harold Wilson introduced 13 bills between 1966 and 1968 to control, in one way or another, certain prices and incomes. The provisions became increasingly stringent and in 1969 the whole policy was abandoned, after having been declared a failure. Mr. Edward Heath introduced two bills, but electoral defeat obliterated the whole policy. The Government of the United Kingdom has claimed that the greed of business profiteers and labour leaders have been the major factor in rising prices. Measures for price and wage controls have been at the heart of political controversy. In Britain they challenged accepted traditions of free enterprise by business and free collective bargaining by unions. You can already sense that these traditions, and other principles as well, will be involved and challenged here.

At the other extreme, wage controls in Britain did not assist productivity there; quite the contrary. The one resulting cardinal point to be noted from their experience is that such a price and income freeze can be made effective for no more than approximately six months, after which the basic law of supply and demand resumes its reign with even more force. Indeed, that is exactly what happened in Britain in 1966, 1972 and 1973.

The only effectiveness of a price and income freeze is that it can, for a short time, allow a breathing space during which other policies can be formulated to tackle inflation

at its source. Unfortunately, the lessons to be learned from Britain's experience have not been recognized in Bill C-73.

It seems to me that the public is gradually coming to the view that inflation derives from the government's tendency to create money when it cannot balance its budget. But in Britain, when they tried to put into effect a policy of centralized control of prices and wages, it proved to be insensitive to economic differences. It simply collided with the realities of world supply and demand—as it does wherever it is tried, and as it will again here, in spite of the control legislation we are now considering.

The government's purpose in proposing this legislation is to save Canada from yet another period of runaway inflation, which the country could not endure without serious long-range damage to its basic economy and growth as a progressive nation. Even if we admit that inflation is worldwide and that we can only buck it timidly, with little assurance of more than short-term, minimal results, nevertheless, we must try to fight it. That is the government's position.

But I am against controls. I have said so in this chamber a number of times. I stressed that point only a few days ago when speaking on the anti-inflation White Paper, "Attack on Inflation". Owing to the seriousness of runaway inflation, however, despite the stance I have taken previously, I will support what I consider acceptable legislation for establishing government controls so long as they meet two criteria: first, any attempt to restrain inflation must be restricted to this particular time; second, the method of restraint must be within reasonable or decent bounds. In that respect, the regulations under Bill C-73 are not sufficiently detailed. There are too many generalities and too little attention paid to their possible far-reaching implications.

Unfortunately, in my opinion, there are still some constitutional and controversial aspects to Bill C-73. It is not easy to resolve such difficult areas, but it seems clear to me that they could render certain aspects of the legislation somewhat weak, if not entirely inoperative.

● (2110)

Besides establishing inequalities, the proposed exemptions are insufficiently spelled out in the bill. I find in Bill C-73 no control of food prices at the farm gate level, if my interpretation of the bill is correct, whereas other prices and wages are controlled. Partial controls of this type have been tried elsewhere, but did not work. I do not believe they will work here either, even if the situation is temporarily eased by federal control of the federal marketing agencies and by provincial control of the provincial marketing agencies. How can one say that controls will not directly apply at the farm gate level to commodity items, to food, and to the operations of small merchants, which can only be controlled by a vast bureaucracy, since the items involved represent some 30 to 34 per cent of the family budget? This situation has started to create considerable resentment because of the fear of the two-wage, two measure legislation. We are adding to our problems. It may produce a backlash and could make this whole exercise messy and difficult.

In order to beat inflation we need investment in new productive capacity. This is stated in the White Paper,

[Senator Desruisseaux.]

"Attack on Inflation", and is agreed with by the business sector, and has been conceded by some labour leaders.

Investment in new productive capacity requires that corporate profits be used for such expansion. Such an arrangement is basic for providing jobs and at the same time for stemming increases in prices by avoiding shortages and increasing supply. To attain this end it will also be necessary to increase productivity per unit of labour; indeed, this cannot be achieved without the full cooperation and understanding of labour.

Acceptance of this bill is also essential on the part of the investment community. If the government's measures against inflation are judged by the investment community to be likely to fail, there will be only limited capital available in Canada for firms affected by Bill C-73, and this can only work against us.

The guidelines will allow prices to increase only to the extent of increases in costs where these can be related to a particular product. Where this relationship cannot be established, the profit margin allowed will not be permitted to exceed 95 per cent of the average of the pretax profit margin of the preceding five years.

If a firm's production is intended for the export market, sales of these goods will have to be at world market prices, which could, under Bill C-73, be higher than the prices at which the goods could be sold at home. This would make them subject to a special tax on export profits which, of course, would discourage the production of goods for export, and have a tendency to lower employment and growth.

Bill C-73 provides for the freezing of dividends. Investors, whose investments we so badly need, will become very coy because of this guideline, as any company will have to obtain permission if it feels there is a need to pay higher dividends to raise new capital, in which case it may be allowed by the board. This dependency will not be easily accepted by investors everywhere, and I am afraid we are not helping the expansion of our economy through capital investment with the provisions contained in Bill C-73 with respect to dividends.

Over the next 10 years Canada will need hundreds of billions of dollars if we are to provide jobs for our growing labour force, if we are to have the necessary energy for our industry and homes, and if we are to improve our standard of living. This expansion capital will have to come from somewhere. Its normal source is primarily the profits made by the firms which re-invest in expanding production. The tendency is to cut the corporate margin of profit more and more, and now, with Bill C-73, company profits will be further limited, at a time when foreign investors may be scared away because of their prospects.

Bill C-73 provides the anti-inflation guidelines, but business, labour and the public must realize that the profits of firms which are re-invested in Canada to improve activity or increase production must be allowed. There can be no uncertainty about this, or that the program will work, because if it does not we are in for runaway inflation or very tight controls.

Bill C-73 does not prohibit or control strikes based on pay demands that exceed the guidelines as it should, but it does limit the annual wage increase. How can this restric-

tive legislation be made operative on one side and not on the other?

There is no point in my going on and stating some of the other imperfections. As I have said, the seriousness of runaway inflation makes it imperative, in my opinion at least, to support legislation that tends to constructively correct and control our economy at this particular time. However, I realize how imperfect some of these provisions may be.

On motion of Senator Flynn, debate adjourned.

● (2120)

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

FIFTH REPORT OF SPECIAL JOINT COMMITTEE TABLED

Leave having been given to revert to Reports of Committees:

Senator Stanbury, for Senator Buckwold, Joint Chairman of the Special Joint Committee of the Senate and House of Commons on Employer-Employee Relations in the Public Service, tabled the following report:

Monday, December 8, 1975.

The Special Joint Committee on Employer-Employee Relations in the Public Service has the honour to present its Fifth Report as follows:

Pursuant to the Order of Reference of the House of Commons of Friday, November 7, 1975, your Committee has considered Bill C-52, An Act to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act, the Diplomatic Service (Special) Superannuation Act, the Members of Parliament Retiring Allowances Act, the Governor General's Retiring Annuity Act, the Judges Act, the Tax Review Board Act and the Supplementary Retirement Benefits Act and has agreed to report it with the following amendments:

Clause 9

Strike out line 19 on page 11 and substitute the following therefor:

"(i) if the contributor named his estate as his beneficiary or named another"

Strike out line 26 on page 12 and substitute the following therefor:

"deceased the contributor.

(5.1) The Treasury Board may, in its discretion, notwithstanding any direction made by the Board under subsection (5), direct that an annual allowance payable to a widow be apportioned among several applicants for the allowance, in which case any direction made under subsection (5) shall be deemed to be revoked.

(5.2) Any direction made under subsection (5.1) may from time to time be reviewed and varied."

Clause 11

Strike out line 2 on page 14 and substitute the following therefor:

"(c) if the contributor named his estate as his beneficiary or named another bene-"

Clause 23

Strike out lines 14 to 24 on page 23 and substitute the following therefor:

"to be the widow of a contributor, that the widow of a contributor be deemed to have predeceased him or that any annual allowance payable to a widow be apportioned, in similar circumstances, the Treasury Board may, for the purpose of determining entitlement under Part II to any benefit payable to the widow of the participant as such, direct that a woman be deemed to be the widow of the participant or that the widow of the participant be deemed to have predeceased him, as the case may be, and may apportion the benefit payable under Part II."

Clause 24

Strike out line 32 on page 23 and substitute the following therefor:

"under subsection 50(1), named his estate as his beneficiary or named another bene-"

Strike out lines 11 to 15 on page 24 and substitute the following therefor:

"his death, to his spouse, unless

(a) she does not survive him;

(b) he names his estate as his beneficiary under any regulations made under paragraphs 50(1) (e.1) and (e.2); or

(c) he names another beneficiary under any regulations made under paragraphs 50(1) (e.1) and (e.2)."

Clause 25

Strike out line 22 on page 24 and substitute the following therefor:

"(e.2) authorizing a contributor to name his estate as his beneficiary and prescribing classes of persons"

Clause 28

Strike out line 17 on page 26 and substitute the following therefor:

"poyees in the public service of Canada.

(3) The Governor in Council may, by regulation, provide that the service of an employee of the Institute or the Society in respect of which contributions have been made in anticipation of the addition to Part II of Schedule A to the Public Service Superannuation Act of the Institute or the Society may, to such extent, at such level of remuneration; and subject to such conditions as the regulations may prescribe, be counted by that employee as pensionable service for the purposes of Part I of that Act."

Clause 36

Strike out line 17 on page 32 and substitute the following therefor:

"36. (1) Subsection 9(1) of the said Act is amended by adding the word "or" at the end of paragraph (b) thereof and by adding thereto the following paragraph:

"(c) in the case of a contributor who has to his credit less than six years of pensionable service, the average annual pay received by him during the period of pensionable service to his credit."

(2) All that portion of subsection 9(2)"

Clause 39

Strike out line 25 on page 37 and substitute the following therefor:

"(i) if the contributor named his estate as his beneficiary or named another"

Strike out line 50 on page 38 and substitute the following therefor:

"deceased the contributor.

(5.1) The Treasury Board may, in its discretion, notwithstanding any direction made by the Board under subsection (5), direct that an annual allowance payable to a widow be apportioned among several applicants for the allowance, in which case any direction made under subsection (5) shall be deemed to be revoked.

(5.2) Any direction made under subsection (5.1) may from time to time be reviewed and varied."

Clause 42

Strike out line 7 on page 41 and substitute the following therefor:

"(c) if the contributor named his estate as his beneficiary or named another bene."

Clause 43

Strike out line 6 on page 43 and substitute the following therefor:

"into force of this subparagraph,"

(3) Paragraph 20 (1)(b) of the said Act is amended by striking out the word "and" at the end of subparagraph (i) thereof and by adding thereto immediately after subparagraph (i) thereof the following subparagraph:

"(i.1) any amount paid to him as a return of contributions under this Act in respect of that period, and"

Clause 45

Strike out lines 21 to 39, inclusive, on page 44 and substitute the following therefor:

"45. Subsection 31(3) of the said Act is repealed and the following substituted therefor:

"(3) Where, in any circumstances, the Treasury Board may, for any purpose of the Defence Services Pension Continuation Act or Part I of this Act, direct that a woman be deemed to be the widow of a contributor, that the widow of a contributor be deemed to have predeceased him or that any pension or annual allowance payable to a widow be apportioned, in similar circumstances, the Treasury Board may, for the purpose of determining entitlement under Part II to any benefit payable to the widow of a participant as such, direct that a woman be deemed to be the widow of the participant or that the widow of the participant be deemed to have predeceased him, as the case may be, and may apportion the benefit payable under Part II."

[Senator Stanbury.]

Clause 46

Strike out line 8 on page 45 and substitute the following therefor:

"under subsection 42(1), named his estate as his beneficiary or named another bene."

Strike out lines 23 to 27 on page 45 and substitute the following therefor:

"death, to his widow, unless

(a) she does not survive him;

(b) he names his estate as his beneficiary under any regulations made under paragraph 42(1) (d.1) and (d.2); or

(c) he names another beneficiary under any regulations made under paragraphs 42(1) (d.1) and (d.2)."

Clause 47

Strike out line 35 on page 45 and substitute the following therefor:

"(d.2) authorizing a contributor to name his estate as his beneficiary and prescribing classes of per-"

Clause 51

Strike out line 3 on page 49 and substitute the following therefor:

"this Act, to have predeceased the officer.

(3) The Treasury Board may, in its discretion, notwithstanding any direction made by the Board under subsection (2), direct that a pension payable to a widow be apportioned among several applicants for the pension, in which case any direction made under subsection (3) shall be deemed to be revoked.

(4) Any direction made under subsection (3) may from time to time be reviewed and varied."

Clause 57

Strike out line 5 on page 53 and substitute the following therefor:

"57. (1) Subsection 9(1) of the said Act is amended by adding the word "or" at the end of paragraph (b) thereof and by adding thereto the following paragraph:

"(c) in the case of a contributor who has to his credit less than six years of pensionable service, the average annual pay received by him during the period of pensionable service to his credit."

(2) All that portion of subsection 9(2)"

Clause 60

Strike out line 3 on page 60 and substitute the following therefor:

"section 22(1), named his estate as his beneficiary or named another beneficiary"

Strike out lines 12 to 39 on page 60 and substitute the following therefor:

"(3) Subsections 13(4) and (5) of the said Act are repealed and the following substituted therefor:

"(4) For the purposes of this Part, a woman who

(a) establishes to the satisfaction of the Treasury Board that she had, for a period of not less than three years immediately prior to the death of a contributor with whom she had been residing and

whom by law she was prohibited from marrying by reason of a previous marriage either of the contributor or of herself to another person, been publicly represented by that contributor as his wife, or

(b) establishes to the satisfaction of the Treasury Board that she had, for a period of not less than one year immediately prior to the death of a contributor with whom she had been residing, been publicly represented by that contributor as his wife, and that at the time of the death of that contributor neither she nor the contributor was married to any other person,

shall, if the Treasury Board so directs, be deemed to be the widow of that contributor and to have become married to him at such time as she commenced being so represented as his wife, and for the purpose of this Part a woman to whom this subsection would apply, but for her marriage to a contributor after such time as she commenced being so represented as his wife, shall, if the Treasury Board so directs, be deemed to have become married to that contributor at the time when, in fact, she commenced being so represented.

(5) If, upon the death of a contribu-

Strike out line 4 on page 61 and substitute the following therefor:

"tributor."

(5.1) The Treasury Board may, in its discretion, notwithstanding any direction made by the Board under subsection (5), direct that an annual allowance payable to a widow be apportioned among several applicants for the allowance, in which case any direction made under subsection (5) shall be deemed to be revoked.

(5.2) Any direction made under subsection (5.1) may from time to time be reviewed and varied."

Clause 63

Strike out line 38 on page 62 and substitute the following therefor:

"22(1), named his estate as his beneficiary or named another beneficiary who may"

Clause 65

Strike out line 38 on page 64 and substitute the following therefor:

"(i.2) authorizing a contributor to name his estate as his beneficiary and prescribing classes of persons."

Clause 73

Strike out line 30 on page 68 and substitute the following therefor:

"to the end of the month in which he ceases to be a child, the annuity being"

Clause 89

Strike out line 22 on page 76 and substitute the following therefor:

"89. (1) Paragraphs 24(2)(c), (d) and (e)"

Strike out line 14 on page 77 and substitute the following therefor:

"section 18(3).

(2) Section 24 of the said Act is further amended by adding thereto the following subsection:

"(3) For the purposes of paragraph 24(1)(a), any period during which a person is a member, after that person has, pursuant to paragraph 22(1)(c) ceased to contribute in respect of his current sessional indemnity, is deemed to be a period of pensionable service to the credit of that person."

Clause 98

Strike out line 1 on page 82 and substitute the following therefor:

"98. (1) Subsection 25(3) of the *Judges Act*,"

Strike out lines 8 to 10 on page 82 and substitute the following therefor:

"suspended in the event of her remarriage.

(3.1) Where payment of an annuity to the wife or widow of a judge has, upon her remarriage, been suspended pursuant to subsection (3) or ceased pursuant to subsection 25(3) of the Revised Statutes of Canada, 1970, c. J-1 or any provision similar to that provision contained in any of the Acts mentioned in paragraph (1)(b); payment of the annuity to the former wife or widow of the judge shall be resumed on the dissolution or annulment of her subsequent marriage or the"

Strike out line 28 on page 82 and substitute the following therefor:

"this Act.

(2) Where an annuity is determined to be payable pursuant to the *Judges Act*, as amended by this Act, to a person who was not eligible for the annuity immediately prior to the coming into force of this section, the annuity is not payable for any period before the day on which this section came into force."

Your Committee has ordered a reprint of Bill C-52, as amended, for the use of the House of Commons at the report stage.

Respectfully submitted,

Sidney L. Buckwold.
Joint Chairman.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Tuesday, December 9, 1975, at 11 a.m.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Senator Flynn: I think we should have a word of explanation. It seems strange that we should adjourn until 11 o'clock tomorrow morning when committees are scheduled to meet. We have a lot of work to do. It would seem that the debate on Bill C-73 will not continue for more than two or three hours, and I cannot see why we should be sitting at 11 o'clock in the morning.

Senator Langlois: Honourable senators, it is true that committees will be sitting tomorrow morning. The National Finance Committee will meet at 9.30 a.m. but the house will not sit until 11. The Banking, Trade and Commerce Committee scheduled a meeting in case the present legislation was referred to it. As the bill has not passed second reading, the committee will likely shift its sitting to tomorrow afternoon.

The second reason is that the Minister of Finance will be in Washington on Wednesday and therefore would not be able to appear before the committee before Thursday. If this bill is passed early tomorrow afternoon, the minister can attend the committee tomorrow afternoon and, if necessary, in the evening.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Grosart: Honourable senators, if the Standing Senate Committees on Foreign Affairs and National Finance are sitting tomorrow morning, will they be seeking permission to carry on while the Senate is sitting?

Senator Langlois: The Committee on National Finance will very likely complete its hearing before 11 a.m. If the other committee has not received permission, it will have to adjourn at 11 a.m.

Senator Grosart: What about the Foreign Affairs Committee?

Senator Langlois: I have just explained that it will have to adjourn at 11 a.m. if it has not completed its sitting by then.

Motion agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Tuesday, December 9, 1975

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS APPENDIX

Senator Sparrow: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (A) for the fiscal year ending March 31, 1976, and I would ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings* of today and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix pp. 1565-1570.)

The Clerk Assistant (Reading):

The Standing Senate Committee on National Finance to which the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1976, were referred, has in obedience to the order of, reference of Tuesday, November 13, 1975, examined the said Supplementary Estimates (A) and reports as follows:

1. In obedience to the foregoing the Committee made a general examination of the Supplementary Estimates (A) and heard evidence from the Honourable—

Senator Flynn: Honourable senators, Senator Sparrow requested that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of Proceedings*, so what is the purpose of reading it now? We will have occasion, I suggest, to do so.

Senator Langlois: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Sparrow: Honourable senators, with leave of the Senate I move adoption of the report now.

Senator Grosart: No. I happen to be a member of the committee and I have not even seen the report.

Senator Sparrow moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

ANTI-INFLATION LEGISLATION

MEETING OF MINISTER OF FINANCE AND PROVINCIAL REPRESENTATIVES RE IMPLEMENTATION OF GUIDELINES— QUESTION

Senator Flynn: Honourable senators, I understand that the Minister of Finance met yesterday with provincial representatives to discuss the implementation of the anti-inflation legislation guidelines. I was wondering whether the Leader of the Government had a report to give to the Senate on that meeting.

Senator Perrault: Honourable senators, I am unable to give a report at this time. However, I think it is of importance to both chambers that we have a report, and I shall undertake to obtain the information as quickly as possible. With leave, I would like to report to the Senate later this day.

Senator Flynn: Apparently it was mentioned on the radio this morning that there was general agreement by the provinces that the duration of the anti-inflation legislation should not be for more than 18 months.

Senator Perrault: I understand the view has been expressed by one or two provinces that the duration of the program be not more than 18 months. Throughout this whole process of attempting to construct an effective campaign against inflation, the government has been quite flexible in its attitudes. The only information I have thus far is that the conversations were very constructive and positive. But, as I say, I shall attempt to have a more detailed reply later.

THE ECONOMY

GOVERNMENT EXPENDITURES—ENLARGEMENT OF ST. LAWRENCE ISLANDS NATIONAL PARK—QUESTION

Senator Molson: Honourable senators, I should like to ask the Leader of the Government if it is a fact that the government plans to spend \$30 million this year to enlarge the national park on the St. Lawrence River? I am asking this in view of the now frequently referred to curtailment of expenditures. Although not an enormous sum, this seems to be one item that could be dispensed with.

Senator Perrault: Honourable senators, may I say that I am unable to provide specific details with respect to the possible enlargement of this park, and I must take this part of the question as notice.

● (1110)

In reply to the broader point raised by Senator Molson—the expenditures by the federal government over the next 12 months—I want to assure honourable senators that the government is very cognizant of the fact that to develop a national consensus in support of the anti-inflation guidelines, an example must be set by the government itself.

Government expenditures in all areas are presently under intensive review, and perhaps an announcement will be made shortly with respect to the government's own spending program.

Senator Asselin: It is about time!

ANTI-INFLATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault for second reading of Bill C-73, to provide for the restraint of profit margins, prices and dividends and compensation in Canada.

[Translation]

Hon. Jacques Flynn: Honourable senators, the legislation contained in Bill C-73 is of an importance that cannot be ignored. In the more than seventeen years that I have been sitting in Parliament, I do not remember having before us more significant, more serious legislation, even the bill which followed the proclamation of war measures in 1970—nothing of that kind has been presented to Parliament since I began to sit here. As we all recall, that legislation was aimed at and affected the freedom of only a small group. Bill C-73 concerns the vast majority of the people by imposing a straitjacket on the economy in a really exceptional manner.

To find a precedent to this bill, one must go back to the Second World War and to the controls that were set then in all sectors, especially over prices and wages. That, to my knowledge, was the first experience of that type in Canada, and it occurred in circumstances far different from those surrounding the introduction of Bill C-73.

It is interesting to compare the two situations. In 1941, all of continental Europe except for Switzerland, Spain and Portugal was occupied by Germany and its allies. Spain and Portugal were rather sympathetic to Hitler and Mussolini. On the other hand, the United States had not yet entered the war. That was before Pearl Harbor. During that year as it was drawing to a close, in October 1941, inflation had reached a rate of 7 per cent only, but 7 per cent, at that time, was enough to alarm the government. Shortages of goods were developing. Black markets were springing up here and there and, the government, in order to cope with the situation, decided to consult the various sectors of the population, especially the union leaders. They obtained from them, in advance, the assurance of their cooperation with respect to the setting up of a wage and price freeze, for in that instance it was a freeze rather than a control measure.

Naturally, the general attitude amongst the people favoured controls, and the government at the time had only to invoke the War Measures Act which gave them all powers without their having to face constitutional problems. Such a situation was quite different from what we have today. The problem of inflation is not a recent one. It goes back five or six years. In any case, since the Right Honourable Mr. Trudeau took the reins of power, inflation has gone up 58 percent. Up to now all the efforts made by the government to wrestle it to the ground have failed. Up until October, the government had absolutely refused to enforce any form of price and income controls; their point

[Senator Perrault.]

was that they were inefficient or, better still, they argued that they could not control inflation because it was caused by external factors.

Last Spring, the government tried to achieve a voluntary freeze or a relative control of salaries through consultation with the union leaders. But the latter refused any form of cooperation in this respect.

On the other hand, a little over a year ago the Canadian people, being called upon to elect a new Parliament, rejected in no uncertain terms the program put forward by the Progressive Conservative Party and involving a freeze on salaries and prices followed by a relative control.

Another factor; finally, is that the government at this moment do not have at their disposal the War Measures Act. They must not forget in introducing Bill C-73, that their authority is limited under the provisions of the British North America Act.

Having described briefly the situation which prevailed in 1941 and the one prevailing in 1975, we find out that the legislative problem before us is much more complex than the one with which Mr. Mackenzie King was faced. It must be pointed out that part of the difficulties encountered by the central government—a large part I should say—is a result of its own turpitude, its failure to act quickly, and perhaps even its electoral hypocrisy.

In the White Paper, the government outlined for our information its anti-inflation program. We were thus given the general guidelines it intends to follow in order to control wages and prices. We were already given the opportunity of debating this matter and I do not intend to deal with it again today, but I would just like to consider Bill C-73 by itself, separately, if I may say so, from the guidelines, as they are called in the bill.

Once again, this is an exceptional bill, a frightening bill, a strange bill which leaves an extremely bad impression and makes us wonder what exactly the thought was which inspired those who wrote it. Several speakers who spoke before me, indeed almost all of them, apart from the Leader of the Government who introduced the legislation and who pointed out its advantages—of course, there are some, but he did not linger, and we did not expect him to do so actually, on the negative aspects or on the inadequacies of the legislation—had serious reservations concerning the bill, except maybe, if I am not mistaken, Senator Austin. He delivered a good speech. I did not have time to read it through but I would like to congratulate him as well as, of course, the Leader of the Government and all the others who took part in the debate up to now.

Although I may be repeating what has already been said, I would like to consider the way in which the government wants to control prices and wages. The bill divides this responsibility among four power levels: first, the Governor in Council, that is to say, the government; second, the Anti-Inflation Board; third, the Administrator responsible for enforcement and, fourth, the Appeal Tribunal.

● (1120)

It is interesting to see how the powers have been assigned to each of those four levels. But before going into this, I would like to refer the Senate to the areas of application of the act as outlined in clauses 3 and 4.

Clause 3 applies the guidelines to all suppliers and employees generally, in the areas of its jurisdiction.

Nevertheless—I wanted to point this out—the guidelines would not apply, under this section, to the employees of a supplier when they number less than 500, except in the case of the construction industry, where this minimum is reduced to 20. Only those building contractors who employ up to 20 workers will not come under these guidelines.

Now, there is another exception, and it would eventually be covered by provincial legislation or a federal government agreement, and that is the professional category, in respect of which the legislation would be applicable only if the provincial government, which has jurisdiction in such matters, were to decide to apply the guidelines with respect to them.

But, at this time, I only wanted to point out that there are rather important exceptions in the application of the guidelines, particularly with respect to employees.

I wonder whether such an exemption will not generate problems or pressures from those groups that are directly affected and will see other groups being exempted from the legislation.

The second point concerning the application of the legislation is, obviously, the fact that the government, in section 4, recognizes that this legislation can apply to provinces,—

- Subject to subsection (3), this Act is not binding on
- (a) Her Majesty in right of a province and agents of Her Majesty in right of a province;
 - (b) municipalities in a province . . .
 - (c) corporations, commissions . . .
 - (d) such other bodies in a province as provide what are generally considered to be public services and as are from time to time prescribed by the regulations for the purposes of that province.

However, the act provides that the minister may, with the approval of the Governor in Council, enter into an agreement with the government of a province providing for the application of this act and the guidelines to a province, and to all public bodies or agencies under its authority.

Obviously, although I do not know for sure, nothing indicates that any such an agreement was entered into up to now. I know that two or three provinces either passed or are considering passing legislation which would make applicable some provisions of the act, or some guidelines in areas under their jurisdiction.

It is interesting to note the difference between subclauses 3 and 4 of clause 4, because in one case it deals with an agreement providing for the application of the act and guidelines, while in the other it deals with an agreement providing for the application of some guidelines, or if you prefer, part of the federal program.

However, I was wondering whether an agreement can be passed by a provincial government otherwise than under a power provided through special legislation. I do not see very well how, by a mere order in council, a provincial government could sign an agreement with the federal government. No doubt the federal government realizes the necessity of being allowed by Parliament to conclude that

agreement since it is specifically provided for in subclause 4.

I point out those features concerning the scope of the act to indicate some of the problems which could occur, especially about the differences which might exist between provincial and federal programs. Undoubtedly, if the provinces do not agree to comply specifically with the federal program, there will still be some problems resulting from pressures exercised by some groups more strictly controlled than others, since under provincial jurisdiction precisely the same guidelines as those intended by the federal government will not have been applied.

One more word on this subject. I referred earlier to professional people. Clearly the control of their fees requires legislation or intervention by the provincial government. Most professional rates are set by the government and I cannot see how without the efficient and, let us say positive, assistance of the provincial government, professional fees could be controlled. I know very well that when the Right Honourable Mr. Trudeau announced the program on October 13, he made much of the fact that it would apply to professional people, and I am all for it. There is no doubt about it. They like everybody else must be subject to the controls and guidelines. But enforcement is an entirely different thing, and wishing and hoping that the problem will be solved is not enough to solve it. New methods will have to be found which will require very strict controls, without which people might have reason to doubt that this program applies fairly to all categories of Canadians.

I come now to the sharing of responsibilities between the four levels.

First, the responsibilities of the Governor in Council: as indicated previously, the guidelines which the Governor in Council may publish from time to time pursuant to Clause 3 are not known. Of course, the White Paper has made us aware of the guidelines generally, but some people have suggested and continue to suggest that the guidelines cannot be made public before the adoption of the bill. This point having been examined yesterday, I shall dispense with it. In fact, if the government knew exactly where it stood, it could include the relevant regulations in the legislation. But the truth is, it is because the government wants some leeway to operate and change its guidelines and controls as it sees fit that it does not make them public now. If they were published now, Parliament or the public could believe that the legislation is nothing more than the already known, formulated and published guidelines, and it is clear that this legislation is giving the federal government an absolute and all-inclusive mandate. As a matter of fact, it can apply any guideline it pleases and in the manner it pleases, change them, reactivate them, and so on. It is an open mandate, a blank cheque which the Governor in Council is giving itself through this legislation.

Now, as regards the Anti-Inflation Board, we must recognize that it does not represent such a serious problem in the legislation, because its powers are primarily those of review, investigation and recommendation. It reports to the Governor in Council or to the administrator. Its role is important, but it does not create a problem in terms of administration or of restraint of the freedom of individuals.

However, such is not the case of the administrator in his administrative function. Here we find the bill's major weaknesses. The administrator has not yet been appointed and I am wondering who he is since most people believe, I feel, that the administrator and the board's chairman are the same person. It is really a czar who will be appointed to apply the law. I am wondering whether this administrator will not have more powers than Mr. Donald Gordon had when he was chairman of the Wartime Prices and Trade Board.

● (1130)

Indeed, this administrator can require anything from anyone at anytime, launch any investigation he deems appropriate, and his powers are not subject to court control except in cases of searches. Of course, when he has to search he must seek the authorization to do so from a superior court. But when he knows what he wants, he may go and take it without any problem. It is a power, I think, which goes beyond the one given to the Minister of National Revenue under the Income Tax Act.

But, the last straw, as pointed out by other speakers, is that Clause 20 authorizes the Administrator to make an order requiring whoever contravenes the guidelines to pay Her Majesty a certain amount. In short, he is empowered to levy, call it what you will, a tax or a fine. Both, in fact, because, in some cases, in addition to Mr. So and So having to reimburse Her Majesty the profits he should not have made or the increase in salary he should not have received, he will be required to pay, because he knew what he was doing, a 25 per cent fine. That order, as such, is equal to an indisputable assessment that can be recovered before the Federal Court and against which the offender has practically no recourse.

Of course, there is the one provided by the Appeal Tribunal but, as far as the administrator is concerned, it would seem that in such a case he is both lawyer and judge. He prepares everything; he decides. He supplies the evidence. The two responsibilities are combined here which, to my mind, is something rather unusual and of such a nature as to make us reflect on the extent of the powers this bill is trying to give the administrator.

Now, about the Appeal Tribunal. It can intervene only to a very limited extent. But, what is important, and this was mentioned yesterday, and I want to bring it up again, is that every effort is made to prevent the exercise of the right of appeal. First, if an order was made requiring someone to pay a certain amount, the appeal cannot be heard unless the amount has been deposited. That is the first requirement.

Secondly, if the appellant wins his case—and as I said his chances are slim—if he wins his appeal and if the Appeal Tribunal reverses the decision of the administrator, he has no right to costs. So you can imagine the conditions under which an offender will be allowed to avail himself of the rights given him here.

[English]

● (1140)

Senator Perrault: If he loses.

Senator Flynn: If he loses, of course, he should probably pay the cost. But here we are faced with a very special piece of legislation, and I am not too sure that I wouldn't

[Senator Flynn.]

agree that the costs should be allowed to the appellant, but no costs should be allowed against the appellant. As I say, this is a very exceptional situation, and all the possibilities of obtaining justice should be provided in the bill. It is rather like matters of expropriation in that there are some expropriation principles involved in this legislation.

[Translation]

I wanted to point out that section 28 of the Federal Court Act restricts considerably the intervention of the Federal Court in respect of the decisions which could be taken by an administrator or the Appeal Tribunal. I think there is no need to point out that a principle of natural justice must have been breached since an order or a decision has been made through a miscarriage of the law.

Well, in the field we are dealing with at the moment, there are not many such mistakes. They almost invariably involve facts. Furthermore, any decision based on a conclusion absurdly or arbitrarily drawn from the wrong facts without due consideration for the elements which have come to one's attention may be repealed. But, once again, it is not easy to establish this in the field we are concerned with.

I would now like to say a few words about the implementation and repeal of this act.

The last section includes some odd and even peculiar provisions. Honourable senators no doubt recall my party's position on the length of time such controls should last, that is a maximum of eighteen months. But the government insists on a minimum of three years. Earlier I asked the Leader of the Government a question to find out what the attitudes of the provinces were. For example, I know that Alberta, in the legislation passed by its Parliament or Legislature, provides for a period of 18 months only. The Leader of the Government suggests that there may be others. It seems that on the radio this morning, it was said that most of the provinces are against any period exceeding eighteen months. But it is strange that the Act, in section 46 (2), provides the government with a way to extend the application of the act after 1978. To this effect, all the government has to do is to make an Order in Council and have it discussed by Parliament and if both Houses—but I will come back to this point—agree, the act is extended for the period provided in the Order in Council. In refusing obstinately the 18-month period of application, the government is being illogical. If under the procedure outlined in paragraph (2) it is allowed to extend it beyond three years, it could easily extend it beyond 18 months, should it feel it was necessary. I do not understand such stubbornness in refusing that the act apply only for 18 months, since it can be extended as provided herein.

The second remark I want to make is about the possible repeal. Here, the government makes a small concession which is quite similar to those it made previously in other acts not of the same nature, but that presented similar problems.

It is said that if a motion for consideration is tabled in the house after March 31, 1977, and before July 1, 1977, signed by not less than 50 members, to the effect that this legislation shall expire on a date before December 31, 1978, stated in the motion, the House of Commons shall, within the first fifteen days after the motion is filed with the

Speaker, consider it and dispose of it. And if this simple resolution is approved by the House of Commons alone, the act is repealed and becomes ineffective. In the other case, it is recognized that for the act to continue in force the approval of both houses is needed, but the house can unilaterally decide to repeal the act before December 31, 1978, without the approval of the Senate and the act ceases to have effect.

I wonder, honourable senators, if we can accept this formula. I think it is contrary to the bicameral principle of our parliamentary system to accept this procedure which gives the House of Commons alone the power to repeal the act before the date set for its normal, its natural termination.

Honourable senators, from what I have just said, you will realize that, in my view, and in our view on this side of the house, amendments should be made to this legislation with regard to the main points I have mentioned.

I hope that in committee there will be agreement to make those amendments to the bill. In fact, as it is, this bill is a big club in the hands of the government and particularly in the hands of the administrator. He can clobber everyone with it. I tell myself that to introduce such an arbitrary, such an authoritarian bill, the government must have lacked faith in what it was doing. That is probably the case. It did not believe in controls until it announced them. It knew that at the last election it won the approval of Canadians for not imposing controls. So, on the other hand, it did not have faith in the people. It was not confident that people would support it. That is the reason why it gave itself a club. I find this to be an extremely dangerous precedent. I hope that in committee we can take away at least from the Administrator some of the excessive powers he is given because that legislation once again, as has been said, will only succeed if the people are confident that the government is sincere. That is the basic condition. It is not by using a club that the government will manage to get the support of the people.

It is important, honourable senators, that we try to take out of that legislation the aspects that are absolutely irritating, restrictive, contrary to individual freedom, and the government should instead make an effort to offset this by showing sincerity, conviction. That is the only way for it to get the support of the people. That is the only way for it to succeed with its price and wage control program.

● (1150)

[English]

Hon. David A. Croll: Honourable senators, in following this debate I read the contributions made by the Leader of the Government in the Senate and Senator Asselin. I heard the contributions made yesterday in addition, of course, to that which I have heard today. It seems to me that it was worth bringing the bill forward, if for no other reason than to hear those contributions, which were spirited and well presented. I hope I will in no way diminish, before concluding my remarks, what has already been well said.

Senator Asselin, of course, made a very good speech. I started to read it, saw that he agreed in principle and thought, "Ah, this is an easy ride." As I approached the end of his remarks I realized that the politician had not left him; he said yes in principle, but not in form. In such cases,

I am always reminded of the politician who wishes to oppose a bill but is not too sure on which side he should be. First, he says it is unconstitutional. That is the very first thing he says. Who can answer that? No one can, although it may be said, "Well, he may be wrong." Next, he says, "It is not a bad idea, but you are not doing it in the right manner." Then, when the bill is finally passed and accepted, he announces, "We were for it all the time." So there he has the best of both worlds. I can only say that that speech was well presented and well spoken.

That we will experience problems with this legislation is beyond question. The questions that were asked yesterday by Senator Grosart, for instance, were extraordinarily good. I am not sure whether I should complain to the Law Society that he practised law without a licence, or have them send him a bill for an annual fee, but he did exceptionally well. Senator Smith—

Senator Smith (Queens-Shelburne): Colchester.

Senator Croll: —is, of course, the seasoned politician. He made a fine presentation. He knew exactly when to diverge, read from the bill or give an interpretation. He did it in his own style, and did it very well. I did not agree with him, but that is another matter and does not make you entirely wrong, Senator Smith.

Senator Flynn: No, not at all.

Senator Croll: Well, I am giving him a little credit.

That this bill will present problems no one will deny. We all know that Senator Flynn has some qualifications to speak in this regard, having been one of the bright boys in the days of Donald Gordon. He served as one of the legal eagles. I believe Senator Fergusson also had something to do with housing during the war. I do not know of others in this house, as I did not make inquiries. In any event, some of them lived through it, and I will relate something of my experience in the same sense. I will endeavour to discuss subjects about which I have some knowledge, of which there are a few.

When we refer to the constitutional aspect, what is the use of my standing here and telling you, "Yes, no, no, yes"? There are 11 attorneys general in this Dominion of Canada. They know what affects them and their provinces and will not let go one bit more than they must, and if they are not complaining you will get no complaints from me. I leave that entirely to them. I have my views, but that is another matter altogether.

● (1200)

Reference was made to the professions. How are we to deal with lawyers, doctors, architects, engineers and others? These people may be hurt, but this bill will not draw blood from any of those people. Insofar as doctors are concerned, I think Mr. Lalonde took care of them very well the other day when he spoke about their appeal, and what he considered to be an outrageous demand. As I understand it, they are building up a case for tomorrow, so that they can say, "Look at what we gave up, and look at what you gave us at that time." There is not much to worry about in that respect. They will go along. They always do. Whether they like it or not, they know they have a responsibility.

We were speaking about regulations. A good deal has been made about that from the other side of the house. How do we expect to get definitive regulations until the bill is passed? We have in this house at least half a dozen former federal cabinet ministers. We have half a dozen former provincial cabinet ministers, and I put myself in that category. Never in my life did I think it was possible to place a bill and the regulations on the table at the same time.

Of course, regulations are drafted by the minister's staff over a period of time, but today Senator Flynn said, "We want to make changes in the bill." He may convince the committee to make some changes in the bill—I do not know exactly what he has in mind—in which case the regulations, if made, would be meaningless. So far as I know, they have not yet been drafted. However, that is not important.

Let me tell the house why I think I know something about this. I was out of the country during the control period of the Second World War. I was here in Parliament in 1945. Senator Benidickson and I came back together. I was the only Liberal elected in the city of Toronto, surrounded by a bevy of Conservatives. There I was. What happened? It was just after the war. I came back in May, and this was in June. I was over there when the war ended, and they flew about 10 or 15 of us back to Canada. Some of us were elected and some were not. What happened? Everyone wanted the controls taken off. It did not matter whether they were members of the labour sector or whether they were business people. They all seemed to descend on me. He was the Liberal member of Parliament for Toronto and the government was a Liberal government, and they thought, "Surely he must be able to do something about controls."

Those people came from all walks of life, and they told me about the difficulties they had, and the schemes they had for getting out of them. Some of them were administrators, dollar-a-year men, capable people, and they kept telling me about this.

I went into Parliament, made a few speeches, and then I said, "Take it off." Some people in Parliament didn't agree with me. They finally talked to me and said, "Take it easy. You don't know all you think you know about this business. You have been away too long. Listen for a while"—and when C. D. Howe tells you to listen for a while, you listen for a while.

In no time they started to decontrol. That's worse than controlling—take my word for it. They had already started, and then the labour unions said, "You're going too slowly. We want more money." Before long we had a strike at Stelco at Algoma, and we couldn't afford a strike at that time because there was a great demand for our goods all over the world. We were giving credit because other people had no productive capacity. We were losing real money which we couldn't afford to lose and didn't want to lose. We were able to get in and establish markets before other people had an opportunity to do anything.

So the government immediately appointed a committee for the purpose of going through the process of seeing how we could decontrol and deal with the strike. The next day they told me, "Croll, you're on the committee." I said, "You can't; I'm against it." They said, "You will have to change

your mind somewhat. We can't do what you and others have been suggesting."

They sent over some of their bright boys. I won't name them. They said, "We have a plan of decontrol. This is it. This is the way we would like to do it. This is an orderly fashion and we can handle it this way. We can't take these controls off every place all at once."

I had been away from politics for some years, and these people were on the scene. So I became a member of the committee. As a matter of fact, I went over the minutes of that committee recently and I reminded Senator Bourget that he was on that committee. He said he had forgotten about it.

I remember the importance of that committee. Howe was there with some of his staff almost all the time. Humphrey Mitchell was there all the time. One had to listen, and we wanted to give everyone an opportunity to say what he wished to say. Finally, of course, the committee reached some conclusions and things were settled, as they always are.

I attended those hearings for three or four months. I played some role in them because they wanted Toronto to have a voice. I met dozens and dozens of people who had worked for the Wartime Prices and Trade Board, and who were on the other side. They told me something that I remember very clearly. Time and time again they said, "Don't ever bring in controls in peacetime under any circumstances, if you can possibly avoid it and there is an alternative." I agreed with them. To date, no one has suggested an alternative. No one has suggested anything else, and I know of nothing else.

They told me something more than that. They said, "Make the law tough on everybody. You can't make it tough enough, and when it cannot be avoided, throw the book at them and make sure that everyone feels that it is being fairly administered; and if you can do that for a year, you won't have to carry it on for long." That was the advice given me. They also said, "And get rid of controls at the earliest possible time."

I agree with that. But what alternative do we on this side of the house have, and what alternative do you on the other side have? What difference does it make? We are all in trouble—heavy trouble. Success depends upon our ability to convince the country that we mean business.

What about public confidence? It is nice to read in the press that a large number of people are in favour of the government's policy. However, many are in favour of it so long as it does not touch too close to home. It's a little different when it starts to touch close to home.

● (1210)

Frankly, what I liked about the original suggestion of Mr. Stanfield was the shock effect of freezing everything for the moment. The people would have known that there was something urgent, something important. I liked that suggestion for its immediate effect. The government, however, said otherwise, and that is it.

In order to make it work, we have to be rough on everybody. I agree that there cannot be equality, but certainly there must be equity with justice. We all have to suffer together.

[Senator Croll.]

People are anxious for a solution. They are very worried, very frightened, of the effect inflation will have, and is already having, on their lives. If you think this is a tough bill, you should have seen the bill under which Donald Gordon operated.

Senator Flynn: There was no bill. It was the War Measures Act.

Senator Croll: Yes. He could do anything.

Senator Asselin: Are you saying that this bill is the same thing?

Senator Croll: No, it is not the same. However, the comparison was not pulled out of the sky; it came out of the fact that some of the powers that were used in the War Measures Act are being used in this legislation, although not as extensively. Some of the powers in the old War Measures Act are incorporated in this bill. Not all of the powers are necessary, of course.

Senator Flynn: Under the War Measures Act the minister could not impose any fine. He had to go before the court to have a fine imposed.

Senator Croll: There are some differences. All I know is that despite the many difficulties which were encountered, the government of the day was only able to make that legislation work because it was able to assemble the best brains in the country, and because there was a patriotic feeling running through the country. The children were overseas, the fathers were overseas, and there was a desire to make things work. Under the then prevailing circumstances, the government of the day was able to make the War Measures Act work.

However, living in this day and age, it is a different world entirely. I am a little perturbed, as are others, at the fact that the chairman has to correct his quotes and misquotes, and that the Prime Minister has to pay some attention to see what it is he is talking about. The one thing we cannot afford to do is to blow it before we start it, and we have not started it yet. That is very important.

Hon. Senators: Hear, hear.

Senator Croll: The labour movement has its own view with respect to this legislation. I do not agree with the actions of labour groups, and neither does everyone in this country. Labour takes the position: "Wages, yes; no difficulty at all in controlling wages. Prices; well, maybe you will control prices, but it is a hit-and-miss business. Dividends, yes; sometimes you control dividends, but you do so kind of softly, and not too hard. But corporations; you certainly are not able to stop them from doing a lot of things that they should not be doing."

Senator Flynn: Are you suggesting that corporations act differently? Do you see an essential difference between corporations and individuals?

Senator Croll: I am simply stating the view of the labour movement. I think corporations are trying to play the game this time. It is in their interest to make sure that we come out of it, and come out of it well. Others have spoken about professions.

In supporting this bill, considering the method in which it was presented to us, we really have not got much choice. We either participate or we don't participate. As a matter of fact, it is the only game in town.

What has happened is that the Canadian economy has been laid low by a disease called inflation. Everyone has a prescription, but we are not really sure that our prescription will cure the patient. It has become a worldwide epidemic. The inflation germ, some of which comes from overseas and some of which is homegrown, is in the air. But we cannot put Canada into isolation. Dr. Macdonald has given us some medicine, and it is the very best medicine that we know of today. Dr. Stanfield's medicine is the same, but he tells us to take it in greater doses so that it will bring about a quicker recovery. Well, that may or may not be.

What is happening in our country today—and let this register for a few moments—is that everyone is busy catching up with everyone else, and there is always someone new to catch up to. Leapfrogging is the name of the game, but it is leapfrogging in a squirrel cage. We are not getting anywhere with our leapfrogging. We are simply going round and round and round. We have to get rid of the leapfrogging and we have to get rid of the squirrel cage. We have to come up with some sensible solution to inflation. The only test of success will come if everybody complains.

One of the things that we hear so much about is government spending. Many people feel that a curtailment of government spending would have saved the situation. Well, I have been around a long time, as have some others in this chamber, including a couple of former cabinet ministers I see sitting across from me who did some spending in their day and were subjected to this criticism. From time to time I agree with some of the criticism. I do not know whether the government is spending too much, or whether it is spending it inefficiently, but I am waiting for someone somewhere to stand up and not only tell the government it is spending too much money, but tell it where the unnecessary expenditures are being made.

I am sick and tired of being told that the government could save \$9 million by getting rid of Information Canada. Information Canada seems to be looked on as the everlasting whipping boy. If you ask, "In what other areas can the government save money?" they say, "Well, you know how it is; you can save it on Information Canada."

Everybody says that all governments are inefficient. Of course, there is some inefficiency in government. Every time I attacked a spending item, I was told, "That is the reason we are spending it. Would you like to move to have it cut out?" And Croll shuts his mouth quickly because he does not want that item cut out. I am waiting for someone to make a direct suggestion in respect of government expenditures.

One of the other things that arises in this respect, and about which there has been a great deal of misunderstanding, is collective bargaining. No matter what happens, no matter how long it takes, it would be a tragic bit of business if collective bargaining suffered. Collective bargaining is the difference between the organized and the unorganized in this country; it is the difference between bread and butter on the table and meat and potatoes on the

table. Out of approximately 10 million working Canadians three million rely on collective bargaining.

● (1220)

I do not think Mr. Broadbent, speaking on behalf of the unions, was fair in saying this is the end of collective bargaining. Anyone who has ever seen a collective agreement knows there are 50 items in every contract. I have never seen one with less. Indeed, the federal government had one with 124 items. But there are any number of other things to bargain for besides money. If we have got a year to wait around—or more as I suggest—and a lot of housekeeping can be done on items in collective bargaining that they never had time to clean up before, which would be useful and necessary to the people.

What I want to direct my remarks to particularly is something that has not been mentioned here—although it was in the other place, but not too much. It is not what is happening to the professions, but what is happening to unorganized people in this country. In order that there may be some better understanding of what I am getting at, I would like to place on the record at this point a table entitled "Poverty Line Updated—1975," a copy of which I have sent to every member of the Senate.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

POVERTY LINE UPDATED—1975

| FAMILY SIZE | Senate* Committee Poverty Line 1973 | Senate* Committee Poverty Line 1974 | Senate* Committee Poverty Line 1975 | Statistics Canada Poverty Line 1974 | Statistics Canada Poverty Line 1974 |
|-------------|---|---|---|---|---|
| | (nearest \$10) | (nearest \$10) | (nearest \$10) | (updated) | (revised) |
| 1 | \$2,990 | \$3,100 | \$3,490 | \$2,518 | \$2,512—3,456 |
| 2 | 4,990 | 5,130 | 5,810 | 4,196 | 3,644—5,008 |
| 3 | 5,990 | 6,145 | 6,970 | 5,034 | 4,648—6,391 |
| 4 | 6,990 | 7,200 | 8,140 | 5,872 | 5,527—7,601 |
| 5 | 7,970 | 8,200 | 9,300 | 6,713 | 6,181—9,496 |
| 6 | 8,970 | 9,970 | 10,470 | 6,713 | 6,783—9,328 |
| 7 | 9,970 | 10,970 | 11,630 | 6,713 | 7,437—10,223 |

*Plus approximately \$1,000 for each additional family member.

SENATE REPORT:

Poverty Level set at 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product.

STATISTICS CANADA:

Updated cutoff is determined by adjusting the low income lines developed in 1961 for increasing prices as reflected in Consumer Price Index.

Revised cutoffs are based on changing consumption patterns which now indicate that families who spend 62% or more of their income on food, clothing and shelter (as opposed to the 70% criterion used in the updated lines) are in straitened circumstances.

These limits are also differentiated by size of area of residence. For example, using the revised limits, the Poverty Line for a family of 4 in 1974 range from \$5,527 in a rural area to \$7,601 in cities of one half million or more people.

Senator Croll: I want it clearly understood that in what I have to say I am not suggesting that anything can be done for these people outside the guidelines, nothing special. I now consider them to be within the law under the bill.

I suppose most people think that we have had legislation on minimum wages for years and years. That is not so. The first minimum wage for men was legislated in Ontario in 1937. I know, because I was responsible for the act. That is almost 40 years ago. At that time it was a big thing. It was quite a sensation. It was widely publicized, and it was thought quite something to pass that act. I was the provincial Minister of Labour at the time. I had hoped for and expected a great deal from the act, and it did a great deal.

[Senator Croll.]

It was a great help to very many people who were working for horrible wages, as you know. Indeed, some are working for horrible wages even today. However, it did not live up to my expectations. But then, what does? With these acts one has to be prepared for some let-down. However, it did indicate a concern and compassion for people who could not look out for themselves.

Senator Langlois: What was the hourly rate then?

Senator Croll: I cannot tell you; I do not know.

Senator Flynn: Forty cents an hour.

Senator Croll: Whatever it was, it was pretty low.

Honourable senators will be interested to know who these people are, and how many there are. These are the people, and were the people then, who have no more economic strength than a butterfly in a storm. There is an historic relationship between minimum wages and poverty, so I speak to you today because I think they have been hurt enough. The *Poverty Line Updated—1975*, which I have just had appended to my speech, has been accepted by the country generally.

The government supports controls. In that support the government also supports an increase in the minimum wage and other measures. But the government has done nothing. Perhaps they will do something after this bill. It may be that they will agree with what we have been saying and will be saying here. I had reason to believe a long time ago that they would do something about the minimum wage. The people who are earning these minimum wages do not feel controls so much. They feel the effect and the psychology of restraint. The employer who

gives them nothing is a patriot because he is doing exactly what the country wants him to do. That is not the way we should look upon these things. For an employer to pay rock bottom wages is no longer shameful, it is no longer exploiting; he is doing what he thinks he ought to be doing.

All I can tell you, honourable senators, is that the federal government has not done itself credit. However, before I get on to that, let me follow up what I was saying a few minutes ago. This may be of interest to all of you.

Senator Choquette: Will it add anything to the debate?

Senator Croll: It will add a great deal to your knowledge, which is what we are here for. I talked about minimum wages, and the bill deals with minimum wages.

Senator Asselin: Is that in Bill C-73?

Senator Croll: Of course.

Senator Asselin: Does it deal with what you are talking about—minimum wages?

Senator Croll: Of course it does. It fixes the minimum wage at \$3.50 an hour. There is provision for that. Of course it does.

I have said that there are about ten million people employed in this country. About 30 per cent of them belong to the union movement. In the first place, there are approximately 15,000 employed by the federal government who work for minimum wages. I will tell you who they are in a little while. In Ontario about 10 per cent of the working labour force draw minimum wages; in the Western Provinces, from 10 to 15 per cent; in Quebec, from 15 to 17 per cent; in the Maritimes, from 17 to 22 per cent; and in Newfoundland, from 22 to 25 per cent. In total, there are 1,100,000 people who work for the minimum wage.

I have been asked about the minimum wage. At the federal level, and in Quebec and Manitoba, it is \$2.60, and is going up to \$2.80 in Quebec. Some minimum wage rates are going up to \$3 as of January 1—for example, in Saskatchewan, Alberta, British Columbia and the Northwest Territories. No one has reached a minimum of \$3.50 an hour.

● (1230)

You will find that at \$3.50 an hour it averages out to approximately \$7,200 per annum. When you consider that figure, you will realize that in 1974 for a family of four the poverty line was approximately \$7,200. In 1975 the poverty line for a family of four is approximately \$8,100. The unfortunate part about it is that for a family with five children, and an income based on \$2.60 an hour, the \$110 family allowance coming into the home is 20 per cent of the family income. In welfare families it is 25 per cent of the family income.

You often hear a great deal of talk to the effect that when you offer these people work, they will not accept it and will run for the welfare office. I have some information here that I cannot resist putting on the record for the understanding and information of many members of the Senate. In various parts of the country the average working man receives less money than a similar sized family on welfare, because there are deductions that a person on welfare does not have to contend with. The government has implemented a program whereby people working for the minimum wage may go to the government—we are

talking about workers, not welfare people—and have their income augmented. The government says, "Come to us and we will augment your income, if you are earning less than what welfare people are." Fair bargain?

In Toronto, where I believe 16,000 were eligible for assistance, only 80 appeared as of recent date. They would not be found dead or alive in the welfare office. There are people who work and who want to work, and they will even work for poor wages.

A remarkable thing, which I am sure none of you has ever heard or seen before, regardless of where you have been, is contained in an editorial which appeared in the *Toronto Star* on October 31, 1975 entitled "Making Work Pay More Than Welfare." A telephone number was given for people to call to find out whether or not they would qualify for assistance. I am sure you have never heard or seen anywhere in this country a newspaper giving you a telephone number, and saying, "Come on, get in there, there is something free there for you." They did not go. If you ask why, I say it is because they wanted to work. They have always worked. I am not talking about people on welfare. That is another matter that we will deal with, and it is not nearly as bad as is often pointed out.

Previously, I mentioned working for minimum wages.

Senator Walker: Would the honourable senator permit a question? Where is there a word in the bill about minimum wage?

Senator Croll: I beg your pardon?

Senator Walker: There is not a word in this bill about minimum wage.

Senator Croll: There is.

Senator Walker: There is not a word, with the greatest of respect, about minimum wage. Are you suggesting that it should be in the bill, or should be in the regulations?

Senator Croll: There is mention made in the guidelines.

Senator Asselin: We are not talking about guidelines.

Senator Croll: The guidelines are a part of this bill.

Senator Walker: There is no mention of it, and no reference to it.

Senator Croll: The people covered are those working in hotels, restaurants and manufacturing plants—cleaning personnel, janitors, cleaners, clerks, typists and sales personnel.

There is one more interesting point I shall bring to your attention. I have been for some time keeping an eye on the number of people on welfare, and the number of people working for the minimum wage. It is surprising to note that about 1,100,000 are on minimum wages, and about 1,300,000 not on social welfare but welfare. You begin to realize there is a relationship between the minimum wage and welfare. They are either one or the other. They never earn enough to get off the floor. I have indicated that at the present time we really need to make sure that those at the bottom, those who are not in any way responsible for the inflation and who have contributed nothing to that inflation, should not be hurt by anything that we do under the present bill. Whether it is in the bill or not, it is certainly in the guidelines, and it certainly has been stated time and time again by the minister. The allowable amount was raised from \$600 to \$700 without being offset by the

guidelines. This is a matter we should be concerned with, and that is the warning I hope I have passed to the Canadian people.

Hon. Hazen Argue: Honourable senators, perhaps my remarks will be pertinent following the remarks of Senator Croll. I wish to congratulate the senator on putting forward the position of the lower income earners and particularly those who are at the minimum wage level.

I rise at this time to put on the record the position of organized agriculture in Canada, as I see it, in relation to this legislation. The government is short of friends in going forward with this legislation. They need more friends. Certainly organized labour has come out strongly against Bill C-73.

The agricultural organizations are in favour of this legislation. Speaking in Regina on December 3, the president of the Canadian Federation of Agriculture, Mr. Charles Munro, stated that the Canadian Federation of Agriculture supports the government's anti-inflation guidelines. The Ontario Federation of Agriculture, meeting in convention, went on record, according to a Canadian Press report of November 27, 1975, as follows:

The Ontario Federation of Agriculture adopted a resolution Wednesday calling for acceptance of the federal government's wage-and-price-control guidelines by all individuals and groups, including commodity marketing boards.

● (1240)

The Saskatchewan Wheat Pool recently held a convention. I might remind honourable senators that the membership of the Saskatchewan Wheat Pool is comprised of almost every single grain producer in Saskatchewan. The Saskatchewan Wheat Pool does not support the federal government or its ministers or policies on every occasion. As a matter of fact, I have heard it said that the Saskatchewan Wheat Pool is opposed basically to the Liberal Party and to the Liberal Government. At their convention a year ago the members of the Pool came out opposing any tampering with the Crowsnest Pass rate. At that time they were so critical of the government as to ask for the resignation of the Honourable Otto Lang. On the other hand, just a few weeks ago the same organization, meeting in convention, went on record as being in support of the federal government's anti-inflation guidelines. I think it is important to take note of that. Indeed, the president of the Saskatchewan Wheat Pool had words of praise for the federal government's anti-inflation program. Let me quote from a press report of a statement made by Mr. E. K. Turner, the president of the Saskatchewan Wheat Pool, in a recent radio broadcast. The report reads:

While calling for federal government leadership in curbing inflation, the pool president said, "Every individual business, organization and governments at all levels must cooperate to make the program work." He further stated, "Frankly, I have been disappointed at the amount of criticism which has been directed at the program by some groups, and also in the attitude of some provincial governments, including our own—[the Government of Saskatchewan] which have failed to take a position of positive support for the program."

[Senator Croll.]

So, the government has the support of organized agriculture, which supports this bill and the principle it is endeavouring to enunciate.

Senator Goldenberg: Will the honourable senator permit a question?

Senator Argue: Yes.

Senator Goldenberg: Is there any connection between the support of the farm organizations and the exemption from the guidelines of food at the farm gate?

Senator Argue: I am not sure that food is exempt exactly in that way, but there probably is a connection. But I should like to deal with that more fully, because I feel that the farmer does not have that much to gain through this legislation. The farmer supports it, but he may not have that much to gain from it.

Certain things that have happened recently have made the farmer quite concerned at the government's policy as set out in Bill C-73, and at the monetary restrictions and the program of cutbacks and savings. From statements that have been made we know that government policy seems to be aimed at affording to the average Canadian in the labour force a 10 per cent or 12 per cent increase in wages or incomes every year. They cannot look forward to more than that, but they should be able to look forward to at least that. According to present government policy, corporations can look forward to those increases in prices which are necessary to cover bona fide increases in costs. But as I see the signals, there is evidence that the farmer's position may in fact be cut back.

I am not suggesting it is conclusive evidence, but I am certainly concerned at the strong condemnation which has been voiced over the last number of months, condemnation of the Egg Marketing Agency, condemnation of this kind of quota system and orderly marketing, condemnation by the Chairman of the Food Prices Review Board, Mrs. Beryl Plumptre, who now is Vice-Chairman of the Anti-Inflation Board. Moreover, the government announced a few weeks ago that the dairy producers of Canada will not be able to hold their own. They will not be able to obtain a 10 or 12 per cent increase in income; on the contrary, it has been announced that there will be a 5 per cent reduction in the subsidy for industrial milk. On top of that the government has also enunciated a new policy to increase allowable imports of cheese. It is for those reasons that the dairy producers across the country, who form part of the Canadian Federation of Agriculture, while supporting the legislation as a matter of principle are disturbed by the cutbacks in dairy subsidies.

Farmers, I believe, are quite happy to live within the 10 per cent or 12 per cent. They would be almost happy, perhaps even satisfied, to be in exactly the same position as a corporation: that if their costs go up, their prices will also go up. But they are certainly fearful that they will be caught in the cutback and that their incomes, instead of rising by 10 per cent or 12 per cent, will in fact drop.

Canada is becoming more and more a consumer society. Twenty years ago on a visit to Washington I saw the powerful farm lobby operating in Congress. When I was there two years ago there was no longer any powerful farm lobby. I was honoured to have the opportunity to speak, along with other parliamentarians, with the Secretary of

Agriculture in the United States, Earl Butz, and I gathered the impression from him that part of his policy as Secretary of Agriculture was to do everything in his power to see that food prices were low and stayed that way.

I am grateful that we have in our government in the Minister of Agriculture, the Honourable Eugene Whelan, a strong champion of the farmers' point of view. The farmers need him where he is. They need his position to be strong. Unfortunately I have the impression—I hope I am wrong—that his position is gradually being eroded, and that food and farmers are being used as part of the government's restraint policy, part of the government's policy to hold down costs in a way which will be adverse to farmers.

If you want cheap food and you say, "Well, don't let the prices be established at the farm gate," then for one thing we can freeze the price of beef. If you froze the price of beef at the farm gate, you would just bring about a further rush of cattle to the market, which would perhaps have the effect of lowering the price of beef for a short time, but in the long run there would be very high prices for beef indeed, because beef production in this country would have been drastically reduced.

We have worked hard in this chamber, and in the Agriculture Committee, to bring about improvement in agricultural policies. Certainly we played a part in improving the Farm Credit Act. The Farm Credit Corporation had a certain quantity of money—I can remember it being discussed in this chamber earlier this year—from which it could make loans. The Farm Credit Corporation has run out of money. It has no money left to make any loans. It has not had any money since September. Will the federal government now reduce the amount of money allotted to the Farm Credit Corporation as part of the government's austerity program? I am convinced that if you want to have reasonable food prices in Canada in the future, it is necessary to give reasonable prices to the farmers today. I say that we must keep up agricultural production, and I, along with other agricultural producers and other senators, lend full support to the second reading of this measure. I think the government, however, should be careful, in everything it does, to help support and bolster the income of the low wage earner. In exactly the same way, though perhaps for other or additional reasons, government policy should not sacrifice the wellbeing of the farmer. On the contrary, it should allow him to obtain a fair share of the income of this country. He should be able to play his part in production and achieve his portion of the 10 or 12 per cent increase that is allowed. If they will not give it all to him, he will probably be satisfied with less but he should be assured that when his costs go up his income will go up.

● (1250)

We have in this chamber a representative of the government, and I would hope that when agricultural questions are discussed in Cabinet, Senator Perrault will assist the Honourable Eugene Whelan in making certain that farmers receive their fair share. Nothing could be more advantageous to the Liberal Party than to have a happy group of farmers across this country. They have shown real statesmanship in supporting this legislation, even though they realize that there are dangers involved in it. I hope they will not be made the sacrificial lamb of the government's program of cutting back expenditures.

Hon. Raymond J. Perrault: Honourable senators, as I rise to conclude this debate—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Perrault, P.C. speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Perrault: Honourable senators, some notable speeches have been made in the course of this important debate, and excellent ideas and proposals have been received from all parts of the house. I think all of us have the feeling that this is "landmark" legislation, and that this bill represents something very important in the evolution of our country.

The bill has been variously described as "landmark," "important," "significant," "ominous," "unusual," and so on. It has been suggested that in some ways it is dictatorial, and that it fetters human freedom. One fact, however, emerges from the present economic condition of this country—unusual, important action is required to meet the problem confronting all of us, regardless of our political beliefs.

There is an area where political dissent and disagreement are legitimate, and honourable senators of the Opposition have quite properly pointed to those areas in which they believe this bill to be deficient. On behalf of the government, let me say that should this bill receive the support of Parliament every effort will be made in the months to come to improve it and make it better legislation.

In the time allowed me at present—and I hope to be brief—it is my intention to answer some of the questions posed primarily by members of the Opposition during the course of the debate. At this point, however, I suggest that the Senate do adjourn during pleasure, to reassemble at the call of the bell at approximately two o'clock.

The Senate adjourned during pleasure.

At 2.15 p.m. the sitting was resumed.

Senator Perrault: Honourable senators, before the luncheon adjournment I suggested that we have in the present situation in this country a need for a national consensus, because the problem of inflation is one that affects all of us, regardless of our political persuasion or where we may reside. It seems to me that a good law must be one which meets a clear public need, and, in addition to meeting that need, there must be a consensus of support for it. Yesterday we heard the Deputy Leader of the Opposition make the point that there seems to be—

Senator Grosart: Yes, I made the point.

Senator Perrault: Well, the honourable senator felt he made the point, but I must tell him that there were those in the chamber who felt he had not made it all that persuasively. But he gave us his assessment of the situation, and that was that the reaction in Canada to this proposed legislation indicated that there was not widespread public support for it. He said it was meeting with resistance in all provinces.

Honourable senators, I can tell you that I think most Canadians took a great deal of satisfaction from the results of polls announced yesterday by the CBC and another survey organization which indicate that 66 per cent of the Canadian people believe the program is necessary. Not as many people believe that the program can succeed—I think that less than 60 per cent of the people polled think it can succeed—but surely our task, as people who are supposed to provide leadership in the country, is to assure the Canadian people that the program can be made to work. Our task must not be to travel throughout the country and suggest reasons why it should not succeed, but, rather, we should be concerned with making the program work, because it is a program which the people want to succeed.

Senator Flynn: That is what you were doing a year ago.

Senator Perrault: Well, we have heard many statements made during the course of this debate about what might have been. Some speakers looked back nostalgically to 1972 and 1974 and said, "Perhaps, if a different government had been elected, things might have been different." However, we are living with the economic facts of 1975. We know that the growth in national productivity is around the zero mark, and that inflation is around 12 per cent while wage settlements are around 18 or 20 per cent. So we know that something has to be done.

I do not want to repeat the speech I made earlier, but I shall attempt to answer some of the questions, and offer some explanations in response to the questions which have been posed.

It has been suggested that the administrator will have powers which are totally inappropriate. I assure honourable senators that it is not the intention of the government to install some mad czar with unlimited powers as the administrator. The administrator's position will be something like that of the Deputy Minister of National Revenue. The administrator can make his rulings, but his rulings are going to be subject to questioning, and revocation and rescinding if necessary.

I need only refer honourable senators to clauses 24 and 30 of this bill which, in my view, provide reassurances for all of us that the administrator will not be given these dangerous and arbitrary powers which have been suggested by some honourable senators. Clause 24 reads as follows:

The Governor in Council may, within thirty days of receipt by the Clerk of the Privy Council of a copy of an order made by the Administrator, either upon petition of any person affected by the order or of his own motion, by order, rescind the order of the Administrator or instruct the Administrator to vary his order—

That hardly suggests that the administrator has life and death power over anyone in this country.

Senator Flynn: The government will have to support it.

Senator Perrault: The suggestion is that the government will have to support the order of the administrator. That is simply not correct. That is not the way in which this government intends to proceed.

Senator Flynn: He won't last long.

Senator Perrault: The Governor in Council really represents the people of Canada.

[Senator Perrault.]

Senator Flynn: Oh yes?

● (1420)

Senator Perrault: We then have clause 30 under the heading of "Appeals," which provides as follows:

(1) Any person

(a) against whom an order has been made by the Administrator pursuant to section 20 or 21, or

(b) who is affected by a variation pursuant to section 22, without his consent, of an order referred to in paragraph (a) that was made against him, may appeal to the Appeal Tribunal, but no appeal under this section may be instituted—

Those are just two examples of the way in which human rights and freedoms are protected.

Senator Grosart: Is there an appeal to the courts?

Senator Perrault: The suggestion that the administrator will be given unlimited bureaucratic power is simply not correct.

I refer to other clauses of Bill C-73, which contain similar protections of human rights and freedoms. I am speaking of the manner in which human rights will be protected in this country. Does anyone really suggest that if arbitrary, undemocratic decisions are made by the administrator, or by the board, that Parliament would be muzzled? Under the standing orders of the other place there are occasions during each of the three supply periods in a year for motions of non-confidence, and the same right of free speech exists in this chamber. The reports of both the board and the administrator will be made public and tabled in Parliament. They will also be tabled in the Senate. In addition, the estimates of the board will be presented to Parliament and considered by a committee of this house. So I simply attempt to make the point that there is not an effort on the part of the government to establish unlimited arbitrary powers, or to provide any person with those powers.

Senator Grosart, in his interesting and informative speech respecting the Interpretation Act, alleged that Parliament had its powers restricted by Bill C-73. It is clear, and this bill re-affirms it, that Parliament retains its right to legislate any statute that will supersede Bill C-73, if Parliament specifically says so. On another point, this bill does not supersede the Bill of Rights. Indeed, I believe that when Senator Grosart was speaking to this point he made the statement—

Senator Walker: No, he did not.

Senator Perrault: He made a number of statements. He asked a question. At page 1541 of the *Debates of the Senate* for yesterday, he is reported as saying:

I don't know, and I don't think anybody knows, whether the provisions of this bill are intended to make the provisions of the Bill of Rights completely inoperative. The Bill of Rights, of course—

This is one of the very accurate statements made by Senator Grosart during his speech:

—makes it clear that there must be an express statement that such and such a bill does not abrogate the provisions of the Bill of Rights.

That is an accurate conclusion. That is the situation.

Senator Grosart: Will you read the rest of it, please?

Senator Perrault: There must be an explicit statement that this bill "shall operate notwithstanding the Canadian Bill of Rights", and there is no such expression in Bill C-73. I am pleased to give that assurance.

A question was posed by Senator Asselin as to whether a written opinion regarding the constitutionality of Bill C-73 had been requested of the law officers of the Crown. The only answer that can be given to this question is that which I have already given, namely, that this issue has been given a great deal of careful study by the federal government, and we have obtained an assurance that the actions delineated in the bill before us are within the power of the federal government under the terms of the British North America Act. I went on to say:

There is no question in our minds about the legality of the proposed legislation.

Specifically, the Department of Justice has been duly consulted, and following those consultations the government has chosen to introduce this legislation in the firm belief that the legislation is within its powers. Basically, the government is acting pursuant to the powers relating to peace, order and good government, which are granted to it by the British North America Act. It is significant that not one province has challenged the constitutional right of the federal government to proceed with this legislation.

Senator Grosart: Not yet. They don't know how the government is going to proceed.

Senator Perrault: The honourable senator said they do not know how the government is going to proceed. I have a greater estimation of the legal research facilities of the provinces. I do not believe for a minute that if they had found an avenue they would not have delineated it before this time.

Senator Grosart: They haven't seen the regulations.

Senator Perrault: We are told that the bill may not be within Canadian legal tradition. This is not a matter of delegation as between the provincial and federal governments. All depends on section 91 of the British North America Act, which permits the federal Parliament to make laws for the peace, order and good government of Canada. At the federal-provincial conference all provinces accepted the jurisdiction of the Government of Canada, and no province rejected the exercise of that jurisdiction through this bill.

The honourable senator made reference to regulations, the suggestion being that somehow regulations should be fully developed and articulated before we ask Parliament to pass this bill. Officials are now in the process of preparing regulations, and are conferring with various groups in the community with respect to them. There is expertise across this country. Many people and many organizations must be consulted before those can be prepared in their final form. It will be a matter of some time yet—but hopefully by the end of the month—before they will be in the definitive form required for law-making. Although the specific duty of the board is to try to clarify as soon as possible some of the areas of obscurity brought to light by different groups in the community, every effort is being made to complete this work as quickly as possible.

The honourable Leader of the Opposition, with his vast wartime experience with a cousin of the present program of guidelines known as controls, knows how complicated the whole area is. The detailed application of regulations is something about which, even when the initial work is done, we are not going to have all the final answers. The regulations will have to be changed and added to as time goes on. We are attempting to get the work done as quickly as possible so that the position will be known in the main sectors of interest.

There has been some discussion about professional fees. The question was whether provinces are being consulted with respect to guidelines regulating professional fees. More precisely, one question related to how productivity would be measured or determined in relation to the professions.

This is a matter which has been the subject of a number of meetings—meetings which are still being held with the provinces. The matter is being discussed, and there has been no agreement yet as to the manner in which professions will be regulated. It would seem that the only answer that is available at this time is the answer I have already given—that is, professional organizations generally are under provincial jurisdiction.

I was asked further whether the provinces would also cooperate and set up regulatory boards. Clearly the question of whether the provinces will set up their own regulatory boards, or whether they will ask the federal government to enforce the law in their respective provinces with respect to the public sector, is now being discussed with the provinces and no firm conclusion has yet been reached.

A question raised during the question period today was about meetings which may have taken place in recent days or weeks with the provinces. I have taken it upon myself to ascertain the current situation. There was no meeting between the Minister of Finance and the provinces yesterday. The last meeting was on November 24. The minister has had discussions with respect to the public sector in the provinces, and has undertaken to table copies of a model agreement submitted to the provinces in connection with Bill C-73 in the other place today, and this will also be made available here for the information of honourable senators.

● (1430)

Senator Flynn's question relating to clause 46(6), admittedly, posed what appears to be an anomaly regarding the role of this chamber in the process of deciding extensions of the guideline program, and so forth. I feel certain that this is one of the questions which will be asked of the Minister of Finance later this day at the meeting of the committee charged with the responsibility of reviewing the bill.

A question was asked about the awarding of costs. Senator Grosart felt, because no costs may be awarded by the appeal tribunal on the disposition of an appeal, that this represented an injustice. His remarks with respect to this matter are to be found at page 1540 of the *Debates of the Senate* of yesterday, as follows:

No matter how aggrieved or injured the appellant may be, the bill clearly states, in clause 35:

No costs may be awarded by the Appeal Tribunal on the disposition of an appeal.

The appellant may have been put out of business, he may be 100 per cent right, but under this bill no costs can be awarded to him.

I point out to Senator Grosart that, similarly, no costs are awarded as a penalty in the event that the appellant loses, which is also a real possibility.

Senator Flynn: All too real.

Senator Perrault: Senator Grosart expressed his concern for small businesses in respect of the high costs which could conceivably be involved in this process. I think we should remind ourselves again, however, that the mandatory aspects of this legislation apply to firms of 500 employees or more. Generally, therefore, small businesses, unless they are in a strategic sector or are construction companies, will not be affected by this legislation. So, the danger does not appear to be as real as suggested by Senator Grosart.

I should also like to remind Senator Grosart that in section 171(3) of the Income Tax Act we have precisely the same kind of provision.

Senator Flynn: Mistake.

Senator Perrault: Section 171(3) of the Income Tax Act reads:

No costs may be awarded by the Board on the disposition of an appeal.

Senator Grosart: That is the worst kind of justification you could think of.

Senator Perrault: So, this type of provision is in the tradition of this country. This type of provision in legislation has worked very well in the past.

Senator Grosart: Not for me.

Senator Perrault: It is not a departure from established Canadian norms of law and justice.

There was also some question raised about the time limit. If the provinces are in favour of an 18-month limit—and this is a matter of some current interest—I have been assured that they are free to enter into agreements with respect to their respective public services. These regulations will end in 18 months, if the provinces wish to enter into those kinds of agreement.

Senator Flynn: If they pass legislation providing for such a term, they will have no choice.

Senator Perrault: They will end in 18 months, unless renewed, but the provinces cannot shorten the application of this proposed act in respect of the private sector.

Senator Asselin made some pungent remarks about the role of the administrator. I think we all enjoyed his speech. Indeed, I think there was a high level of quality in all of the speeches, as the Leader of the Opposition has already pointed out. Senator Asselin said:

—orders issued by the administrator may be appealed . . . only on matters of law, not on matters of fact.

This is not correct. Orders of the administrator can be appealed to the Anti-Inflation Tribunal, which will have a duty to grant a proper hearing to the parties and will

[Senator Perrault.]

consider both the facts and the law. It is only the decisions of the Anti-Inflation Tribunal that can be appealed on matters of law to the Federal Court of Appeal.

Later in his remarks, Senator Asselin asserted that pursuant to the power under clause 39 of the bill, the Governor in Council could make regulations that go beyond the legislation. Clause 39 is, in fact, a general clause which grants a regulation-making power to the Governor in Council. This is a clause that appears in many statutes and has traditionally been used only to regulate with respect to details that have not been taken care of by the substantial regulation-making power which appears elsewhere in the legislation. In any event, this clause does not empower the Governor in Council to make regulations that go beyond the statute. Also, as honourable senators know, there is a joint committee of the Senate and House of Commons which has a mandate to review regulations and ensure that this does not happen.

Senator Flynn: The honourable senator says it will ensure this does not happen. This has happened very often. Sometimes it is too late.

Senator Perrault: We on this side are confident that as long as the members of the Opposition maintain the vigilance they have demonstrated so well in the past we need not fear about a miscarriage of the law.

Senator Grosart: You are going to get the bill through today, I think.

Senator Perrault: I want to make sure that I have not omitted some of the points that have been raised. The Leader of the Opposition talked about the historical background, and said that we must go back to the Second World War when there were controls which were controls and not guidelines.

Senator Flynn: What difference does it make?

Senator Perrault: We are in a different context. I suggest that there is a substantial leeway in the guidelines that was not in those controls. If the guidelines program does not work as effectively as most Canadians wish it to work, or as effectively as is desired, we will soon know the difference between the definition of "guidelines" and "controls."

Senator Flynn: There was a lot of leeway in the controls, but I do not see it in the guidelines.

Senator Perrault: Honourable senators, I want to move along quickly, because I know the committee will be convening in a few minutes.

The Leader of the Opposition said this is a most unusual bill, a frightening and strange bill, and that he did not know the thinking of those who prepared it. However, I think the assurances that have been given this afternoon, and the assurances that are to be found in the bill, should remove the fear felt by the Leader of the Opposition.

I think most of the salient questions have been answered. I do not want to omit replying to the principal questions that have been raised. Some honourable senators have spoken about the length of the program. I wonder whether some members of the Opposition are unduly concerned about whether this program is for 18 months, 36 months, or whatever the period is. Whatever time we assign to the program, it is important that we convey to the

people of this country that we are very serious about meeting the problem. This is really a judgment matter. Is it better psychologically to say we are going to have the restraints for a twelve-month period or an eighteen-month period, or the maximum of three years which is set forth in this bill? It seems to me that psychologically there are many advantages in suggesting that it can go on for as long as three years. If necessary, it could be extended.

● (1440)

It is very clearly pointed out in the bill that the program can be shortened. There is provision here for a group of 50 members of the other place to initiate a debate. There is the possibility for them to introduce a resolution on the matter. There is the possibility for the government to make a proclamation, an order in council, which would shorten that period of time.

Senator Flynn: If you can prolong it after three years, why can you not prolong it after eighteen months? What is the difference?

Senator Perrault: It is simply a matter of judgment, senator. When you say it is an eighteen-month program, many people are simply going to say, "I think we can hang on for eighteen months, and then after that eighteen-month period is over we can certainly make demands on the employer for higher wages, or boost the price of products."

Senator Asselin: Will it not be the same after three years?

Senator Perrault: Three years suggests that there is a greater resolution on the part of the government. These are matters of judgment. We may have honest differences on this point, but I believe that all parts of this chamber want the program to work regardless of certain of our reservations.

Senator Grosart: It is probably the recognition of the time it took the government to create the mess.

Senator Perrault: I know the honourable senator has a reputation for being a fair-minded man, and he would be the last person to accuse any government of having the power of either singlehandedly creating prosperity or singlehandedly creating recession or adversity.

Senator Grosart: I am not too sure.

Senator Flynn: Not suddenly—gradually.

Senator Grosart: It took four years.

Senator Perrault: I have further detailed information on the expiration date. The act expires December 31, 1978, or an earlier date fixed by proclamation. The question posed by some senators is: Does that mean there is no limit to the application of the bill? We have only to look at the three following subclauses which require a positive resolution of Parliament to continue the administration.

Another point which has been raised, both here and in the country, is that the government might decide that controls are necessary for a long time. It would depend on the circumstances at the time. Of course, that is the only kind of answer which can be given, because the government is hoping that gradually the steam is going to be taken out of the inflationary spiral. As honourable senators

are aware, the government is hoping to drive the rate of inflation down to something like 8 per cent in the next twelve months, and then gradually over the next three years get it down to very manageable proportions.

Honourable senators, if I have not dealt with all the important questions which have been raised during the course of this debate, I apologize. I took down as many of those questions as possible, and these are the replies which I am able to give at this time. I urge your support for second reading of this bill.

Senator Argue: I wonder if the government leader would permit a question before he resumes his seat? Would he care to make a statement as to the government's attitude towards agriculture, generally, and whether he feels there is a drive now to have a cutback in certain support programs? I believe this would result in a reduction in farm income, and I do not think that is what is desired—at least, I hope it is not.

Senator Perrault: I appreciate the opportunity to venture a reply. This government has always been very concerned about the people who work in the important agricultural industry, and I believe the record bears that out.

The whole thrust of this program is to increase productivity. The program seeks to provide a bonus to those who make greater economic contribution to this country. That is why this program says that for equal work it would be wrong to compensate to inordinate levels those who seek increases in their wages and salaries. But if more work is accomplished in agriculture, in industry, and by professionals, then there is ample justification for increases which are representative of that greater effort. So far as agriculture is concerned, it is not within this program of restraints—I almost said "controls."

Senator Grosart: Guidelines.

Senator Perrault: Guidelines, yes. Agriculture is not within the guidelines. The program is designed to increase productivity in the non-agricultural sectors, and also to increase agricultural production greatly. I hardly think we would achieve the kind of objectives this program seeks if we were to cut back on other programs designed to increase the productivity of our important farm population. I am pleased, therefore, to give that kind of assurance.

Senator Grosart: May I ask the Leader of the Government one question? I congratulate him on the effort he has made to answer the questions which were asked on this side, but there is one question which I do not believe he has answered.

Yesterday I asked him if, in view of the wording of clause 38—I know that I cannot ask him to interpret the bill—it was the intention of the government to make the traditional prerogative writs ineffective against any act or decision of the administrator. I believe it is important for us to have an answer to that question.

Senator Perrault: What was the clause?

Senator Grosart: I was referring to page 29 of the bill as passed by the House of Commons, clause 38, which is headed: "Judicial Review of Decisions or Orders of Administrator and Appeal Tribunal." It is the famous "for greater certainty" clause.

Senator Perrault: I have located the appropriate clause. What was your question?

Senator Grosart: The question has to do with this clause headed: "Judicial Review of Decisions or Orders of Administrator and Appeal Tribunal." The Appeal Tribunal is dealt with in the latter part of the clause. The first part of the clause reads:

For greater certainty, a decision or order of the Administrator under this Act is not subject to review or to be restrained, prohibited, removed, set aside or otherwise dealt with except to the extent and in the manner provided by this Act—

I said yesterday, the "manner provided" is minimal. I am now asking if it is the intention of the government that that clause shall remove the rights of citizens to proceed against such an action under the traditional prerogative writs. I mentioned some of them yesterday—*mandamus*, *certiorari* and so on.

● (1450)

Senator Perrault: It is limited to the right of appeal given under the act, senator.

Senator Flynn: The answer is yes.

Senator Perrault: As I stated, we are really in the area of trading legal opinions on this point.

Senator Grosart: May I say that I was very careful not to ask the Leader of the Government to interpret the bill. What I asked was whether it was the intention of the government to make these writs inoperative against the administrator. We are not trading legal opinions. I am asking what the intention of the government is.

Senator Perrault: The only provision here is:

—except to the extent and in the manner provided by this Act—

And I have quoted clause 24 and clause 30 to indicate that there is ample protection against arbitrary actions by the administrator.

Senator Grosart: That is not the question I asked. I want to know whether these writs apply, yes or no.

Senator Goldenberg: May I point out to Senator Grosart that if it is the intention of the government to exclude the application of the prerogative writs, then that is in conformity with a great deal of the legislation passed in recent years governing administrative tribunals. I think the Leader of the Opposition would agree with me on that.

Senator Grosart: That, of course, is not the question I asked.

Senator Perrault: I very much appreciate the learned opinion of Senator Goldenberg. I think it can be agreed that the bill does provide ample protection for the rights of individuals, and that there is ample protection against inordinate use of arbitrary power by any officer of this program.

Senator Grosart: That is still not an answer to the question I asked.

Senator Croll: The answer is yes. Does that make you feel any better?

Senator Flynn: Senator Goldenberg, of course, knows that the Supreme Court frowns upon clauses which limit the use of these writs.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Perrault moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 1549.)

THE ESTIMATES

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE
ON SUPPLEMENTARY ESTIMATES (A)

Tuesday, December 9, 1975.

The Standing Senate Committee on National Finance to which the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1976, were referred, has in obedience to the order of reference of Tuesday, November 13, 1975, examined the said Supplementary Estimates (A) and reports as follows:

1. In obedience to the foregoing the committee made a general examination of the Supplementary Estimates (A) and heard evidence from the Honourable J. Chrétien, President of Treasury Board and Mr. R. L. Richardson, Assistant Secretary, Program Branch, Treasury Board.

2. These Supplementary Estimates total \$1,750 million of which \$98 million are non-budgetary items, that is to say, loans, investments and advances. The budgetary expenses total \$1,652 million of which \$524 million are statutory items and \$1,127 million represent funds for which Parliament is being asked to provide new authority.

3. After the excessive jump in the Supplementary Estimates and total Estimates for 1974/75 as shown in the following table, your Committee was interested to hear the President of Treasury Board state that the total Supplementary Estimates for 1975/76 would probably be no more than \$2,500 million which would bring the total expenditures for 1975/76 to approximately \$32,000 million. This would mean the growth in expenditures this year would be no more than 15 per cent over last year which is within the goal of 16 per cent mentioned by the President of Treasury Board when he appeared before the committee last Spring in connection with the Main Estimates for 1975/76.

YEARLY ESTIMATES TOTALS

(millions of dollars)

| Fiscal Year | Main Estimates | Supplementary Estimates | Total |
|-------------|----------------|-------------------------|----------|
| 1969/70 | 12,467.4 | 348.8 | 12,816.2 |
| 1970/71 | 13,752.3 | 929.6 | 14,681.9 |
| 1971/72 | 15,340.9 | 1,305.5 | 16,646.4 |
| 1972/73 | 16,539.1 | 1,725.6 | 18,264.7 |
| 1973/74 | 19,286.5 | 2,124.9 | 21,411.4 |
| 1974/75 | 23,297.4 | 4,935.8 | 28,233.2 |
| 1975/76 | 29,585.3 | 1,751.0* | |

*Supplementary Estimates (A) only

4. Your committee was pleased to hear that its recommendation, made often over the years, that the increase in federal expenditures should not exceed, as a percentage, the increase in the Gross National Product, has now become long term government policy. In the words of the President of Treasury Board, "We would like as a general policy that the public sector should not take more out of

the economy than is reflected in the growth of the Gross National Product."

5. The larger statutory items under budgetary expenditures in these Supplementary Estimates are as follows:

- (a) Finance—\$200 million to meet the increased cost of public debt charges.
- (b) National Health and Welfare—\$127.8 million for contributions to the provinces in connection with the health care program and \$45 million for old age security payments in respect of a payment of a spouse's allowance in accordance with the amended Old Age Security Act.
- (c) Transport—\$85 million for payments to Railway and Transportation Companies.
- (d) National Defence—\$44.9 million for pension contributions and other employee benefits.

6. The larger items to be voted under budgetary expenditures are as follows:

- (a) Energy, Mines and Resources—\$385 million for oil compensation payments due, partly, to the increase in the international price of oil in October.
- (b) Manpower and Immigration—\$144 million for special employment measures, particularly in the area of job creation.
- (c) National Defence—\$133 million, most of which is for increased operating expenses.
- (d) Treasury Board—\$112.5 million of which \$100 million is for government contingencies and \$12.5 million for student summer employment in the summer of 1975 including Opportunities for Youth Program.
- (e) Finance—\$50.1 million of which \$21 million is for a payment to Saskatchewan relating to the maintenance of the domestic oil price and \$29.1 million for contributions to provinces for disaster relief assistance.

7. The Treasury Board has supplied your committee with a list explaining the \$1 items in the Supplementary Estimates (A) which is attached as Appendix A to this Report.

8. A \$1 item of particular interest to your committee concerns a transfer of \$24 million to provide for the increased operating costs of new and existing Crown-owned accommodation, the renegotiation of existing leases at higher rates and escalation payments in leased accommodation; additional leased accommodation for government departments and agencies; the cost of tenant services for space occupied by the Department of Public Works and for tenant services completed but not paid for in 1974/75. The Treasury Board was asked to provide more details on this item such as the major specific items that have been delayed in order to transfer this amount, a break-down giving examples of premises involved and a comparison of either existing or previous rates with the increased rates. In providing this information Treasury Board officials were also asked to make a distinction between the increase due to the revision of rates and the increase due to the addition of newly leased property.

9. Your committee examined the various items contained in these Supplementary Estimates and received answers to questions from the Treasury Board officials. In some cases the answers were not immediately available and the Treasury Board officials agreed to provide material as soon as possible. The questions for which answers were to be supplied are as follows:

- (a) A comprehensive statement regarding loans to the de Havilland Aircraft of Canada Limited, the government's option with respect to Canadair Ltd., and the expenditures made and operating results with respect to the STOL services between Montreal and Ottawa.
- (b) Regarding the oil compensation payments East of the Ottawa Valley Line, what is the income being received to offset these expenditures?
- (c) Concerning the purchase of heavy water for lease or resale to Canadian and foreign users, what is being paid for the heavy water and at what price is it being sold?
- (d) Could the Committee be given a general idea of the rate of return that is being received on loans for working capital advances?
- (e) May a more detailed break-down of the \$200 million required to service the public debt be provided?
- (f) What is the per capita cost per province for health care?

Respectfully submitted.

H. Sparrow
Deputy Chairman

(Appendix A to report)

EXPLANATION OF ONE DOLLAR ITEMS IN SUPPLEMENTARY ESTIMATES (A), 1975-76

SUMMARY

The one dollar items included in these Estimates have been grouped in the attached schedules according to purpose.

- A. One Dollar items which authorize transfers from one vote to another—15 items.
- B. One Dollar items which amend the legislative provisions of previous appropriation acts—3 items.
- C. One Dollar items which authorize the payment of grants—6 items.
- D. One Dollar items which authorize financial guarantees—1 item.
- E. One Dollar items which authorize the extension of existing acts to cover circumstances not now covered—2 items.
- F. One Dollar items which amend acts other than appropriation acts—3 items.

November 12, 1975
Estimates Division

SCHEDULE A

ONE DOLLAR ITEMS WHICH AUTHORIZE TRANSFERS FROM ONE VOTE TO ANOTHER—15 ITEMS.

ENERGY, MINES AND RESOURCES—ATOMIC ENERGY CONTROL BOARD

Vote 25a—To authorize a transfer to this Vote of \$199,999.

Explanation—To finance mission-oriented research contracts with non-university organizations in the field of safeguards techniques and other nuclear safety research.

Source of Funds—Vote 30—(\$199,999)—Funds are available because types of projects previously financed through contributions are to be carried out under contract.

INDUSTRY, TRADE AND COMMERCE

Vote 47a—To authorize a transfer to this Vote of \$999,999.

Explanation—Funds are required to meet the expenses of the Hall Commission of Inquiry on Prairie Grain Handling and Transportation.

Source of Funds—Vote 50—(\$999,999)—Contributions to the Brazilian Government will be less than originally forecast due to delays in establishing the sites of grain silos.

NATIONAL HEALTH AND WELFARE

Vote 15a—To authorize a transfer to this Vote of \$2,999,999.

Explanation—To provide for a shortage of \$3.97 million for non-salary operating expenditures related to the provision of health care to Indians and northern residents.

Source of Funds—Vote 20—(\$2,999,999)—Funds are available because a number of capital projects originally scheduled for construction in 1975-76 have been deferred.

Vote 40a—To authorize a transfer to this Vote of \$207,999.

Explanation—Increased funds are required for contributions to support athletes and teams training for participation in the 1976 Olympics.

Source of Funds—Vote 35—(\$207,999)—Funds are available due to reductions in operating expenses.

PUBLIC WORKS

Vote 1a—To authorize a transfer to this Vote of \$741,999.

Explanation—To provide for announced price increases which were not included in 1975-76 Main Estimates and to authorize additional funds for improvements to the Management Information Systems.

Vote 10a—To authorize a transfer to this Vote of \$23,999,999.

Explanation—To provide for the increased operating costs of new and existing Crown-owned accommodation, the renegotiation of existing leases at higher

rates and escalation payments in leased accommodation; additional leased accommodation for government departments and agencies; the cost of tenant services for space occupied by the Department of Public Works; and for tenant services completed but not paid for in 1974-75.

Vote 20a—To authorize a transfer to this Vote of \$1,649,999.

Explanation—To provide for wharf repairs at Baie Comeau, Gaspé, Ile-aux-Coudres and Mont Louis, P.Q.

Vote 35a—To authorize transfers totalling \$3,699,999.

Explanation—The additional funds will be used to:

- (1) cover the cost of repairs (\$1,700,000) to the Alaska Highway caused by a severe rainfall in June, 1975;
- (2) provide for the increased cost (\$335,000) of maintenance and repair of bridges in the Ottawa area;
- (3) pay accounts (\$500,000) carried over from 1974-75 for maintenance of the Alaska Highway by the Yukon Territorial Government; and
- (4) meet other cost increases (\$1,165,000) not provided for in the Main Estimates.

Source of Funds—

| <u>Votes Transferred To</u> | <u>Votes Transferred From</u> | |
|-----------------------------|-------------------------------|--------------------|
| | <u>Vote 15</u> | <u>Vote 40</u> |
| Vote 1a | \$ 741,999 | — |
| Vote 10a | 23,999,999 | — |
| Vote 20a | 1,649,999 | — |
| Vote 35a | 2,200,000 | 1,499,999 |
| | <u>\$28,591,997</u> | <u>\$1,499,999</u> |

Vote 15—Funds are available because of unforeseen delays in the construction program.

Vote 40—Funds are available due to delays in the reconstruction of the Alaska Highway and in the construction of a new snow shed on the Trans-Canada Highway.

SCIENCE AND TECHNOLOGY—NATIONAL RESEARCH COUNCIL OF CANADA

Vote 5a—To authorize a transfer to this Vote of \$899,999.

Explanation—To purchase development and techno-commercial research from Canadian industry in line with the government's make or buy policy.

Source of Funds—Vote 15—(\$899,999)—The Industrial Research Assistance Program will commit less money than previously forecast in order to support the new program.

Vote 10a—To authorize transfers totalling \$4,199,999.

Explanation—To provide for the construction of a remote manipulator system (Teleoperator Program) which consists of an arm and associated controls to handle objects outside the Space Shuttle vehicle. This is the Canadian contribution to the United States Space Shuttle program.

Source of Funds—Vote 15—(\$1,500,000)—The Industrial Research Assistance Program will commit less money than previously forecast in order to support this program.

Vote 35—(\$2,699,999)—Funds have been made available through a reduction in expenditures.

SECRETARY OF STATE

Vote 15a—To authorize a transfer to this Vote of \$479,999.

Explanation—To provide for:

- (1) a research program on the Canadian publishing industry to assist in the formulation of a publishing policy (\$135,000);
- (2) the cost of a study on the Canadian film industry (\$135,000);
- (3) the establishment of the Office of the Special Adviser on Film to study the respective responsibilities of the five federal cultural agencies involved in the film industry and to examine the relationships between the private and public sectors in the production of films (\$140,000); and
- (4) the purchase of a sculpture to be presented to the City of Kingston in recognition of that city's tercentenary (\$70,000).

Source of Funds—Vote 20—(\$479,999)—Funds will be available since the proposed grant to the Massey Hall will not be fully utilized pending agreement with the Province of Ontario and Massey Hall.

TRANSPORT—NATIONAL HARBOURS BOARD

Vote 91a—To authorize a transfer to this Vote of \$449,999.

Explanation—To provide for the expected 1975 operating deficit of the port of Halifax.

Source of Funds—Vote 90—(\$449,999)—Funds are available because of delays in major maintenance operations to the Jacques-Cartier bridge.

VETERANS AFFAIRS

Vote 1a—To authorize transfers totalling \$399,999.

Explanation—To cover costs of Commemorative Ceremonies held to mark the 30th anniversary of the liberation of Italy (\$315,000) and for tenant services in the Headquarters Building (\$85,000).

Vote 5a—To authorize a transfer to this Vote \$59,699 and the deletion of a debt of \$8,734.92.

Explanation—To provide for unforeseen operating costs of the War Veterans Allowance Board, and for writing off a debt of \$8,734.92.

Vote 15a—To authorize transfers totalling \$241,999.

Explanation—To provide for tenant services in district offices at St John's, Quebec City, and London, Ontario; and for the restoration of the Vimy Memorial.

Source of Funds—

| Votes Transferred To | Votes Transferred From | |
|----------------------|------------------------|------------------|
| | Vote 35 | Vote 50 |
| Vote 1a | \$ 84,999 | \$315,000 |
| Vote 5a | — | 59,699 |
| Vote 15a | 105,999 | 136,000 |
| | <u>\$190,998</u> | <u>\$510,699</u> |

Vote 35—Disability pensions will be less than originally forecast.

Vote 50—Capital expenditure will be less than forecast because some projects have been delayed.

SCHEDULE B

ONE DOLLAR ITEMS WHICH AMEND THE LEGISLATIVE PROVISIONS OF PREVIOUS APPROPRIATION ACTS—3 ITEMS.

TRANSPORT

Vote 10a—To authorize the entering into of an agreement between the Minister of Transport and private shipping companies for construction and operation of an Arctic Class 2 icebreaking bulk cargo vessel.

Explanation—It is proposed to provide financial support for the construction and operation of an experimental vessel which will be employed to gain technical and commercial experience relating to the employment of Arctic class commercial vessels in northern waters.

URBAN AFFAIRS—CENTRAL MORTGAGE AND HOUSING CORPORATION

Vote 10a—To authorize the reimbursement to the Corporation for contributions made and expenses incurred in respect of the new Private Lender Assisted Rental Program and for losses, costs and expenses incurred under the new Land Lease Program.

Explanation—To reimburse C.M.H.C. for contributions made and expenses of \$200,000 incurred under the Private Lender Assisted Rental Program, and for net losses, costs and expenses of \$200,000 incurred in the operation of the Land Lease Program. These two new activities were established as a result of the recent amendment to the National Housing Act. Under this legislation it was not expected that contributions would be made until next year thus authority was not included for the early phase-in of the program.

Vote 15a—To authorize the payment of additional Home Buyer grants and a transfer to this Vote of \$10,499,999.

Explanation—To supplement the Home Buyer grant program as a result of a greater than expected volume of applications for payments and the extension of qualifying criteria to include those persons whose "offer to purchase" was accepted on or before October 31, 1975 and who will occupy the new residence before December 31, 1975.

Source of Funds—Vote 10—(\$10,499,999)—Payments for grants, contributions, subsidies and the reimbursement of administrative costs for the low-income non-profit housing, residential rehabilitation and neighbourhood improvement activities have been lower than originally forecast.

SCHEDULE C

ONE DOLLAR ITEMS WHICH AUTHORIZE THE PAYMENT OF GRANTS—6 ITEMS.

EXTERNAL AFFAIRS—CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Vote 30a—To authorize grants totalling \$8,224,000.

Explanation—To provide increased grants to international organizations providing Multilateral Assistance and for International Emergency Relief to meet unanticipated requirements.

Source of Funds—Vote 30—(\$8,223,999)—Funds are available from reduced requirements for International Assistance grants.

NATIONAL HEALTH AND WELFARE

Vote 50a—To authorize grants totalling \$170,900.

Explanation—To provide additional sustaining grants totalling \$170,900 to nine welfare agencies. These grants will be used to offset price increases (\$103,000) and for program expansions (\$67,900).

Source of Funds—Vote 50—(\$170,899)—Contributions will be reduced from \$4,000,000 to \$3,829,100, mainly in research projects, to finance the welfare grant increases.

SECRETARY OF STATE

Vote 20a—To authorize grants totalling \$481,111.

Explanation—It is proposed to provide a grant to the Community Music School of Greater Vancouver (\$111,111) and to increase the grant to the Fathers of Confederation Buildings Trust, Charlottetown, P.E.I. (\$370,000).

Vote 25a—To authorize grants totalling \$250,000 and a transfer to this Vote of \$549,999.

Explanation—Additional funds are required:

- (1) to provide a grant of \$180,000 to the Canada Studies Foundation. (This grant will be used to develop curriculum materials for the teaching of Canadian Studies in both elementary and secondary schools, and it will be matched by the Council of Provincial Education Ministers.);
- (2) to provide a grant of \$70,000 to the Social Science Research Council to assist with the cost of a national conference to be held in November, 1975 to promote the use of social science research; and
- (3) to reimburse Statistics Canada \$300,000 for the cost of a questionnaire survey on the socio-economic and financial background of post-secondary students.

Vote 40a—To authorize grants totalling \$255,000 and a transfer to this Vote of \$254,999.

Explanation—It was originally proposed to finance certain projects for cultural events in the International Women's Year program by contract. It is now proposed to finance these events through grants.

Source of Funds—

| <u>Votes Transferred To</u> | <u>Votes Transferred From</u> | |
|-----------------------------|-------------------------------|------------------|
| | <u>Vote 20</u> | <u>Vote 35</u> |
| Vote 20a | \$ 481,110 | — |
| Vote 25a | \$ 549,999 | — |
| Vote 40a | — | \$254,999 |
| | <u>\$1,031,109</u> | <u>\$254,999</u> |

Vote 20—Funds will be available since the proposed grant to the Massey Hall will not be fully utilized pending agreement with the Province of Ontario and Massey Hall.

Vote 35—Funds originally provided for contracts are now being transferred to the grants and contributions vote.

VETERANS AFFAIRS

Vote 20a—To authorize grants totalling \$131,500 and a transfer to this Vote of \$131,499.

Explanation—To increase payments to the Last Post Fund to cover the increased costs of burials and to provide for special housing assistance to qualified veterans.

Source of Funds—Vote 50—(\$131,499)—Capital expenditures will be less than forecast because some projects have been delayed.

SCHEDULE D

ONE DOLLAR ITEMS WHICH AUTHORIZE FINANCIAL GUARANTEES—
1 ITEM

FINANCE

Vote L13a—To authorize the financial provisions of an international agreement.

Explanation—To authorize Canadian participation in an arrangement by the 24 members of the Organization for Economic Co-operation and Development to provide financial assistance, through guarantees of market borrowings or through direct loans to participating governments, when member countries encounter major balance of payments problems. The agreement was signed in Paris on April 9, 1975 and stipulates the conditions under which the Fund may be utilized. It will take effect when approved by a 90 per cent weighted majority of the signatories.

SCHEDULE E

ONE DOLLAR ITEMS WHICH AUTHORIZE THE EXTENSION OF EXISTING
ACTS TO COVER CIRCUMSTANCES NOT NOW COVERED—2 ITEMS.

SOLICITOR GENERAL

Vote 5a—To increase pensions to the families of two deceased Penitentiary employees, to authorize grants totalling \$97,000 and to authorize a transfer to this Vote of \$3,194,999.

Explanation—Authority is requested to provide:

(1) Pensions to families of Louis Georges Nadeau and Joseph Albert Paul Gosselin, deceased employees of the Canadian Penitentiary Service, at rates as set out in the RCMP Superannuation Act rather than in the Government Employees Compensation Act (\$12,000);

(2) increased grants to After-care Agencies who provide community and liaison services to inmates in federal institutions (\$85,000); and

(3) increased operating costs mainly for overtime payments to prison staff (\$1,800,000); and, price increases in utilities, security contracts with private firms and outside hospital services (\$1,065,000).

Source of Funds—Vote 10—(\$3,194,999)—Funds are available due to delays in construction of new penitentiaries.

TRANSPORT—CANADIAN NATIONAL RAILWAYS

Vote L76a—To secure Parliamentary authority as required under Section 32 of the Canadian National Railways Act for the Railway to arrange financing for the acquisition of equipment and to permit the Railway to issue securities on such terms and conditions and bearing such rates of interest as may be approved by the Governor-in-Council.

Explanation—The proposed vote will provide authority for the Railway to utilize the financing medium authorized under Section 32 of the Canadian National Railways Act, which states "Where Parliament has provided for expenditure on equipment to the extent of 25% of the cost of such equipment, the National Company may make or arrange for one or more equipment issues for the remaining 75% of such costs."

In addition, it will enable the Company to sell securities at market rates of interest, instead of the 6% ceiling referred to in Section 72(5) of the Railway Act, in order to finance capital expenditures.

SCHEDULE F

ONE DOLLAR ITEMS WHICH AMEND ACTS OTHER THAN
APPROPRIATION ACTS—3 ITEMS.

AGRICULTURE

Vote 50a—To amend the Canadian Dairy Commission Act so as to provide for an increase from \$100 million to \$300 million in loans from the Minister of Finance which may be outstanding at any time under Section 16, sub-section (2) of the Act.

Explanation—The present act which was passed in 1967, authorized a \$100 million limit on loans for the purchase, package, storage and disposal, etc., of any dairy product.

This limit is no longer adequate because the value per lb. of butter and skim milk powder has increased considerably since 1967 and because the depressed world market for skim milk powder has led to higher inventories. It is expected that current year inventories will peak at about \$210 million and that similar or possibly greater requirements will exist in 1976-77.

REGIONAL ECONOMIC EXPANSION—CAPE BRETON DEVELOPMENT CORPORATION

Vote L40a—To amend Section 19(2) of the Cape Breton Development Corporation Act.

Explanation—To increase by \$15 million the statutory ceiling on working capital advances that may be outstanding at any time. The present Act, which was passed in 1967, authorizes advances of up to \$10 million. The proposed revision to the ceiling is necessary to finance the increased unit value and volumes of coal and material inventories held by the Corporation.

SECRETARY OF STATE—CANADIAN FILM DEVELOPMENT CORPORATION

Vote 62a—To authorize an increase of \$5 million in the statutory ceiling of the Canadian Film Development Corporation Act.

Explanation—The Canadian Film Development Corporation is financed by statutory funds which are obtained from the Consolidated Revenue Fund according to its needs. An amount of \$10 million was originally authorized under Section 18(1) of the Corporation Act. This was increased to \$20 million by Appropriation Act No. 4, 1971. The current request will raise the level to \$25 million.

These funds will be used for loans to film makers and investments in Canadian feature films in order to foster and promote the development of a feature film industry in Canada.

THE SENATE

Wednesday, December 10, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

APPROPRIATION BILL NO. 4, 1975

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-79, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1976.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Perrault: Honourable senator, with leave of the Senate and notwithstanding rule 44(1)(f) I move that this bill be placed on the Orders of the Day for second reading later this day.

Senator Flynn: There is no objection to giving unanimous consent but I hope copies of the bill will be distributed before we proceed. I am interested in seeing whether or not it has been amended in the other place since it was given first reading.

Senator Langlois: Yes, it has been amended.

Senator Flynn: It has been amended in what respect? Do we have the bill?

Senator Langlois: Yes, we have the bill. Clause 5 was struck out.

Senator Flynn: What was clause 5 concerned with?

Senator Langlois: Borrowing authority.

Senator Flynn: Was it left out because it was considered illegal?

Senator Langlois: It was not left out; it was struck out. This is simply a statement of fact.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of the Air Canada Inquiry Report, dated October 1975 (The Honourable Willard Z. Estey, Commissioner).

Report of the Minister of Transport on the administration of the Motor Vehicle Safety Act for the fiscal year

ended March 31, 1975, pursuant to section 20 of the said Act, Chapter 26 (1st Supplement) R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume II, Annual Statements of Property and Casualty Insurance Companies, for the year ended December 31, 1974, pursuant to section 8 of the Department of Insurance Act, Chapter I-17, R.S.C., 1970.

Report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1975, pursuant to section 61(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with a Supplement to the said Report.

Copies of a Draft Memorandum of Agreement between the Government of Canada and the provinces under Bill C-73, Anti-inflation Act, together with a copy of Background Notes thereon.

COMBINES INVESTIGATION ACT

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE
PRESENTED AND PRINTED AS AN APPENDIX

Senator Hayden: Honourable senators, I desire to present a report of the Standing Senate Committee on Banking, Trade and Commerce on Bill C-2, to amend the Combines Investigation Act and the Bank Act and to repeal an Act to amend an Act to amend the Combines Investigation Act and the Criminal Code.

Honourable senators, I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate of this day to form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, pp. 1589-1595.)

● (1410)

Senator Hayden: Honourable senators, with leave I should like to give a short explanation of the observations contained in this report.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Hayden: The history of this legislation goes back to October 16, 1974, when the Senate, by resolution, authorized the Standing Senate Committee on Banking, Trade and Commerce to "examine and report upon any bill relating to competition in Canada or to the Combines Investigation Act, in advance of the said bill coming before the Senate, or any matter relating thereto."

Your committee proceeded to conduct a full-scale study and received many briefs and heard many witnesses,

including the minister on three occasions, and departmental officers.

We tabled two reports in the Senate during our study of this matter. Without referring in any detail to those reports I can say that the first one presented on March 19, 1975, was a comprehensive study of the legislation and included suggestions for some 22 amendments. At that stage the bill had not as yet been referred to the committee in the other place, but when this referral took place many of the amendments we made were presented, adopted, and made part of the bill at the time the report of the Commons committee came out.

I can give you the box score with regard to amendments, if you wish to call it that, although we were not trying to gain points; all we were trying to do was to clarify the legislation. I think we proposed about 22 changes, some of them technical, some very substantial. I think 13 of these were accepted, in whole or in part. The report presented today develops the subject matter of our recommendations and indicates what happened to those that were accepted and those that were rejected.

The second interim report of the committee, presented in the Senate on June 26, 1975, involved only one subject. This arose from the fact that Bill C-2 extended the application of the Combines Investigation Act to "services." This innovation had many ramifications. The committee heard witnesses in connection with air travel, including representatives of the International Air Transport Association, since it seemed to them that the complications which appeared to them to exist, if they continued to fix tariffs and tolls, might make them subject to the "services" provisions of the Combines Investigation Act.

At that time your committee proposed an amendment, the purpose of which was to provide an exemption. We had conferences with the minister and his officials, but the minister felt that he would prefer not to provide an exemption. In the course of further development of the evidence, however, the minister gave certain undertakings, which are referred to in the report. He has undertaken that the government will not proclaim the bill in relation to services for purposes of section 32 of the act for a period of six months after proclamation of the other provisions of the bill. The minister agreed that this phase of the matter, air transport, affected both his department and the Department of Transport, and that the legislation arising out of and affecting the air transport industry should be the subject matter of review by these two departments and possibly some determination as to where the control and direction should come from. In other words, whether it should come from the Department of Transport by way of enlarging their present legislation, if it does not go far enough, or whether by way of a decision to prosecute or not to prosecute and leaving it in the hands of the combines investigation administration.

The minister, in meeting with the committee, agreed that these conferences which have started could not, by virtue of their subject matter, be terminated quickly. He agreed, therefore, that this second proclamation, which would make the prosecution sections of the Combines Investigation Act applicable to services, would not be made earlier than six months from this date so as to afford the opportu-

nity for the development of some understanding in this area.

The other undertakings had to do with a variety of subjects, and the minister stated in committee that in the next session of Parliament he proposed to introduce Phase II of the combines legislation, dealing with mergers, monopolies, specialization agreements and things of that kind. He said that many of the subject matters we had raised in the services part of Bill C-2 would be in Phase II, and therefore we could deal with them at that time. So, honourable senators, we were not being shut out in recommending that this bill be reported without amendment, because the areas and the subject matters will still be open when we get to Phase II.

I recall in one particular instance that a number of amendments were made in the House of Commons dealing with increases in penalty provisions. For some reason, I suppose due to pressure, the language of three of those amendments varied. It became a question of determining whether this variety in terms to describe fines and sentences conflicted with a general statement in the Criminal Code indicating that a trial judge is not obliged to impose a fixed penalty unless it is said to be a fixed penalty. A judge may impose a fine of \$1 million or, in default of payment, 15 years' imprisonment. In other words, under the Criminal Code the judge has discretion. We were concerned with the variety of language used. The judge in the first instance might feel there was an intention on the part of Parliament to superimpose these penalties and sentences, and therefore destroy the effectiveness of this discretionary provision in the Criminal Code.

● (1420)

The minister gave an undertaking that when we reach Phase II this whole matter of the language to describe these fines and imprisonment terms will be reviewed with the object of making it uniform. In the circumstances, we felt that those who appeared before us and raised certain points which appeared to have some considerable merit would not be shut out from making further presentations on the same subject matter, because the same points would arise in connection with Phase II. It would be an impossible situation if we had a subject matter in Phase I dealt with differently from the subject matter in Phase II. Therefore, we felt that the public interest, for which we were supposed to have regard, would be well protected if the bill at this time were approved without amendment. Any points which are not disposed of, and which appear to be meritorious, may still be developed in Phase II.

In a very summary manner, this indicates the scope of the report. It appears to be lengthy, but that became necessary because of the several reports we made following one consideration of the subject matter, plus our conferences with the minister respecting his undertakings, which were in the nature of commitments, as to dealing with some of these particular points. We felt we had no need to feel uncertain, or have any lack of assurance, that what the minister said would be implemented, because we found him through all his appearances to be very sincere and open-minded in his consideration of problems.

Honourable senators, I am sorry that this has taken me a little time to explain. However, I have tried to indicate in a general manner the contents of the report.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Flynn: At the next sitting.

Senator Cook moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

ANTI-INFLATION BILL

REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill C-73, to provide for the restraint of profit margins, prices, dividends and compensation in Canada, presented the following report:

Wednesday, December 10, 1975.

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-73, intituled: "An Act to provide for the restraint of profit margins, prices, dividends and compensation in Canada", has, in obedience to the order of reference of Tuesday, December 9, 1975, examined the said Bill and now reports the same without amendment, but with the following observations:

These observations are included in this Report on the express direction of the Committee and relate to subclause 6 of clause 46 of the Bill, which was added in the course of the third reading of the Bill in the House of Commons.

Clause 46 (6) reads as follows:

"(6) Where, at any time after March 31, 1977 and before July 1, 1977, a motion for the consideration of the House of Commons, signed by not less than 50 members of the House, is filed with the Speaker to the effect that this Act shall expire on a date before December 31, 1978 that is specified in the motion, the House of Commons shall, within the first fifteen days next after the motion is filed that the House is sitting, in accordance with the Rules of the House, take up and consider the motion, and if the motion, with or without amendments, is approved by the House, this Act expires on the date that is specified in the motion."

These observations are made for the purpose of expressing the resentment of the Committee to the provision in the said subclause 6 by virtue of which, where a motion is signed by not less than 50 members of the House of Commons and is then filed with the Speaker of that House providing for the expiration of the Act, on a date before December 31, 1978, and is voted on and approved by the House of Commons, then such approval by the House of Commons shall terminate the life of the Act.

This presents an anomalous situation. Bill C-73 can only become law as, if and when approved not only by the House of Commons but by the Senate of Canada and thereafter receives Royal Assent. To propose, therefore, in such a Bill as C-73 the termination of the Act by unilateral action of the House of Commons is arbitrary and presumptuous. As a result, this Bill and this particular subclause 6 of clause 46 thereof was the subject-

matter of a proposed amendment put forward in your Committee, adding the requirement of approval of any such proposed termination of the Act by the Senate of Canada. Such proposed amendment was not carried because of a tie vote. Those voting against the proposed amendment were as strongly opposed to the form of the provision in the said subclause, requiring only the approval of a majority of the House of Commons for the subsequent expiration of the Act, as those who favored the said proposed amendment.

The need for bringing into law the provisions of this Bill as quickly as possible in the best interests of the economy of Canada was the impelling motive of those who voted against the proposed amendment. The Committee regards the conditions providing for the termination of the life of this Bill as a display of unjustified arrogance. Such a provision has appeared in several other Bills which at an earlier time have come before the Senate, but the Committee warns that any repetition of such a provision in any future legislation will lead to an amendment of the Bill whatever may otherwise be the degree of urgency and the beneficial purposes of the Bill.

Respectfully submitted,

Salter A. Hayden,
Chairman.

MOTION FOR THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Perrault: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Langlois, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: No.

MOTION IN AMENDMENT NEGATIVED

Senator Molson: Honourable senators, I find myself in rather a quandary in this respect. I do not like controls, particularly partial controls, because I believe it is difficult to make them work effectively. However, I believe action has been too long delayed and at this belated hour there is no alternative method of attack on inflation open to the government. Therefore, I not only support Bill C-73 but I would like to see it implemented as rapidly as possible.

● (1430)

I say "rapidly" because, as always, uncertainty has a crippling effect on the conduct of affairs. At the present time, the efforts of the government to control inflation

lack credibility for two main reasons. First, there is absolutely no demonstration of a willingness on the part of the government to reduce current government expenditures, and the mention of future budgetary cuts carries little weight. Secondly, so far it has not been possible to demonstrate to individual wage and salary earners that a realistic control of prices will be achieved. However, during committee consideration of this bill yesterday, the Minister of Finance assured us that evidence of the government's serious intent in this regard will be seen within the next couple of weeks.

I accept the minister's statement. My dilemma stems from the fact that this bill contains in it the clause to which the Chairman of the Banking, Trade and Commerce Committee referred in his report, that being clause 46. Clause 46(6) is, I believe, at the very least, unacceptable to this chamber, and, at the worst, unconstitutional. I cannot speak with any authority on the constitutional aspect, but we do have highly qualified constitutional experts who can.

I would like to draw the attention of the Senate to section 17 of the British North America Act. Section 17 deals with the definition of Parliament, and reads as follows:

There shall be One Parliament for Canada, consisting of the Queen, an Upper House styled the Senate, and the House of Commons.

It is certainly not necessary for me to say that bills only become law and reach the statute books after action by all three components of Parliament—that is, passage by the House of Commons and the Senate, and assent by the Crown. This even applies to money bills. Bill C-73 is no exception. It will become law only after passage by this chamber and royal assent.

Is it reasonable, honourable senators, that a statute should require these processes of the whole Parliament, but that that statute could cease to be in effect and have no further application on a motion passed only by one-third of Parliament? We have to ask ourselves if this constitutes a covert effort to abolish or downgrade the Senate where no open attack has succeeded. Is it an effort to abolish the Senate chip by chip, block by block, instead of by open frontal attack?

If the Senate is no longer necessary, and if a bill to abolish the Senate were put forward, I would probably vote for it. There would be one or two conditions. First of all, it would have to come to us as an amendment to the law passed by the House of Commons. Secondly—and this is even more important to me—I would have to know that a substantial majority of the people of Canada felt that the Senate was no longer necessary and should be abolished. Those two conditions being met, I would vote for such a bill.

However, that does not make it possible for me to accept the present bill. This is not a case of feeling that the dignity of the Senate has been affronted or, to quote this morning's newspaper, the Senate's being "susceptible to fits of end-of-the-year nasties" and declining to be rushed. The problem here is that the roles of Parliament are being altered and the responsibility of the Senate reduced by only a simple motion in the other place.

[Senator Molson.]

Under these circumstances, I am going to propose an amendment to Bill C-73. I realize that this amendment will not carry because, although honourable senators may favour it—and I believe the majority would—they will not delay passage of this important measure. What it should do, however, is to give notice that I, and perhaps other senators, will not support future legislation which contains any such back door efforts to change the Constitution.

Honourable senators, I now move that Bill C-73, intituled, "An Act to provide for the restraint of profit margins, prices, dividends and compensation in Canada," be not now read the third time but that it be amended as follows:

Page 34: Strike out lines 11 and 12 and substitute therefor the following:

"House, a message shall be sent to the Senate informing the Senate that the motion has been so approved and requesting that the motion be concurred in by the Senate.

(6.1) If a motion approved by the House of Commons pursuant to subsection (6) is concurred in by the Senate, this Act expires on the date that is specified in the motion."

The Hon. the Speaker: Honourable senators, is there a seconder for Senator Molson's motion?

Senator Macdonald: I second the motion.

The Hon. the Speaker: It is moved by the Honourable Senator Molson, seconded by the Honourable Senator Macdonald, that Bill C-73, intituled "An Act to provide for the restraint of profit margins, prices, dividends and compensation in Canada, be not now read the third time, but that it be amended as follows—

Some Hon. Senators: Dispende.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt this motion in amendment?

[Translation]

Hon. Martial Asselin: Honourable senators, before the amendment now before us is put to a vote, I should like to say a word about it.

As Senator Molson pointed out, a similar amendment, proposed yesterday in committee, was rejected. This afternoon, the chairman of the committee explained to us why the amendment was voted down.

Yesterday, there were many reasons why some senators, who in principle were in favour of the amendment moved by Senator Molson in committee, voted against it. Obviously, the main one was the general wish that the bill be passed as soon as possible because of its urgency and not sent back to the House of Commons. But I feel that we should congratulate Senator Molson for having brought up such an important question this afternoon through his amendment. I say "important" because the very existence of our institution is at stake.

● (1440)

For some years, the other place has seemed to want to erode—if I may say so—the role and the responsibilities of the Senate, by simple motions or otherwise. Today we have another obvious demonstration of this.

If it were only for the argument invoked by Senator Molson, I am convinced that the amendment alone would be sufficient reason for me to vote against the bill on third reading. As Senator Molson said, clause 17 of the Constitution defines Parliament. Parliament is the Senate, the House of Commons and the Governor General—three levels. Moreover, we see that clause 46 of this legislation will enable the House of Commons to repeal this act following a motion signed by at least 50 honourable members and submitted to the Speaker for examination by the House of Commons, and if the motion is passed after a three-day debate, this legislation will be repealed without the consent of the Senate. So I think that right now the legislation before us is unconstitutional because it does not comply with the provisions of clause 17 of the British North America Act. Besides, if the bill is unconstitutional, I wonder by what right honourable senators will vote against that amendment. They should vote for the amendment of Senator Molson. I would be very much in favour of submitting to the attention of the courts that particular aspect of clause 46, which has the effect of totally ousting the Senate when it comes to the passing of such an important bill.

It may be argued that precedents were established in the past on the occasion of finance bills, but we are discussing no such bill today. The bill before us will affect the Canadian people as a whole. I say again that this bill, because of a very important omission in clause 46, is already unconstitutional. If the amendment to refer that bill to the House of Commons was not accepted yesterday at committee stage, it may have been for a very good reason. That, however, does not prevent the Official Opposition as well as the "third force" in our house—Senator Molson—from putting forward such an amendment and drawing the attention of the Senate to what might happen in the future, even if we accept beforehand to pass all the bills of the House of Commons without question and without studying them thoroughly as we did with this bill. It is obvious that the Senate is meeting its responsibilities concerning Bill C-73 now before us. I believe that this bill is one of those that have been studied closely by the committee and this assembly.

Honourable senators, even if you reject the amendment of Senator Molson, I repeat that this bill is unconstitutional and could be considered as such by the courts even if clause 46 allowed the House of Commons to annul the act simply on the wish, the consent or the approval of the House. I repeat that this would be an unconstitutional decision because, as Senator Molson said earlier, for a law to be enacted, it must be accepted by the House of Commons and the Senate and sanctioned by the Governor General.

This is why I shall support this amendment and vote for the amendment, and if it is rejected, as I know it will be, well, I shall vote against the bill because I believe that it is unconstitutional in its present form.

[English]

Senator Phillips: Honourable senators, if I may for a moment, I would like to support Senator Molson's amendment, which is mentioned in the report of the Standing Senate Committee on Banking, Trade and Commerce. The chairman referred to examples of similar wording being used in previous legislation. I would point out that the first

example is in the act amending the Income Tax Act, Statutes of Canada, 1973-74. There the House of Commons was given authority to remove certain tax exemptions. In effect, they were imposing a tax. I believe for that reason the Senate avoided the issue on it.

The second example is in the act amending the Veterans' Land Act, 1974. This amendment in no way changed the Veterans' Land Act. The Veterans' Land Act was scheduled to expire the end of March 1975, and the House of Commons was given authority to request the minister to review the legislation. I would point out that in that case, had the minister renewed the legislation, it would have required the consent of the Senate.

In the Olympic (1976) Act, Statutes of Canada 1973-74, the authority granted allowed the House of Commons to refer reports tabled in that house to one of their standing committees, and did not in any way alter the bill.

Honourable senators, throughout the debate on Bill C-73 and the guidelines, the Senate has indicated it has taken a keen interest in anti-inflation measures. I wonder who supplied the advice to the minister on this occasion. Surely the Leader of the Government in the Senate conveyed to his colleagues in the Cabinet that the Senate was keenly interested in these measures, and I would hope that there was some Cabinet discussion on the amendment before it was moved by the Minister of Finance. I am rather curious to know why the Cabinet and the Minister of Finance would allow the insertion of this clause without recognizing it is an affront to the Senate.

It may be that in this case the Leader of the Government in the Senate—perhaps I am anticipating his reply—will state that he desires the legislation be passed in order that the anti-inflation measures can become effective immediately, but I would point out that the acceptance of the amendment need not result in a long delay. The House of Commons is presently in the process of extending its sitting hours, and an adjournment is indicated for December 19, which is not very far away. I suggest, the House of Commons having made the mistake, that the onus is on that house, rather than on the Senate, to correct it and to get the legislation passed quickly.

Senator Carter: Honourable senators, I wish to make a brief comment in support of Senator Molson's amendment.

Senator Molson pointed out that the Parliament of Canada is composed of three elements—the Crown, the Senate and the House of Commons. In clause 46 of this bill the House of Commons has taken unto itself not only the authority of the Senate but of the Crown. It has usurped the authority of the Senate, and the duties of the Senate, and also that of the Crown. That is something, honourable senators, I just cannot agree to.

I will support Senator Molson's amendment.

● (1450)

Senator Perrault: Honourable senators, I must say that I share the view that this is an unfortunate anomaly in this bill, and I assure the house that I have discussed it with some of my colleagues in the government. Admittedly, it is an anomaly because a preceding clause of the bill very much includes the Senate, as was pointed out by the Leader of the Opposition in his excellent speech the other day.

No one can take satisfaction in what is essentially a drafting error, a drafting mistake. May I say, in suggesting that this interesting and useful amendment be defeated at this time, that I shall certainly give an undertaking that a strenuous effort will be put forward to make the appropriate correction in this proposed legislation.

Yesterday when the Minister of Finance appeared before the Standing Senate Committee on Banking, Trade and Commerce he said, "I must confess that this is a blind spot." There was a minister of the Crown making a public confession. He said:

I cannot recall precisely, but I think that probably arose out of the debate which occurred in the house itself. It was really something that was referred to in second reading and then this occurred within the committee. There was a loud discussion at that time about bringing it back into the house itself, and this was intended to respond to that particular point of view.

Whatever interpretation we draw from the remarks of the minister before the committee, obviously this is a source of some embarrassment to him, and it does represent a weakness in the drafting.

However, I think that we should endeavour to keep in perspective the urgency involved here. What we are discussing now is a proposed amendment to clause 46(6) on page 33. Clause 46(6) reads as follows:

Where, at any time after March 31, 1977 and before July 1, 1977, a motion for the consideration of the House of Commons, signed by not less than 50 members of the House, is filed with the Speaker to the effect—

and so on. We are not talking about a crucial deadline which will occur in the first week of January of 1976; we are not even talking about a crucial deadline which will occur in the fall of 1976. We are talking about a circumstance which may arise between March 31, 1977, and July 1, 1977.

I suggest to honourable senators that there is ample time—ample time—before 1977 to meet the problem which has been delineated so well by the Leader of the Opposition, by Senator Molson, and by other honourable senators. It seems to me, and perhaps it represents a consensus, that the positive values represented in this bill are such that it deserves support, even in its imperfect form today. It deserves the support of the Senate now, without involving it in the further process, regardless of its undoubted merits, of sending it back to the other place with this amendment, knowing the possibility of the prolongation of debate which that would entail and the hazard in which the program could well be placed.

Already, honourable senators, we are faced with some rather important deadlines. Surely the uncertainty which is involved in this entire process cannot be helpful to Canadian companies, Canadian workers, or the professional people of Canada. The prospect of a prolonged debate in the other place, lasting over the Christmas period and perhaps extending into January, cannot accelerate the process of developing, for example, the program of regulations which is now well under way.

[Senator Perrault.]

A *Canadian Press* article in the *Ottawa Citizen* of yesterday, purportedly quoting the Honourable Mr. Pepin, states:

The legislation now is before the Senate and, once given approval there, will only require royal assent.

This could come by the end of the week, permitting the cabinet to issue regulations that will determine the details of how the selective wage and price controls are to be applied by the board.

Mr. Pepin said the board's mandate extends to all sectors of the economy, including government spending.

"If we feel the government is not doing its utmost to control its own spending, we will not hesitate to comment. That's our mandate," he said.

The importance of the challenge of inflation across the country is such, however, that, although the government is saying the point has been well made, without any question at all, and that this is not the kind of precedent we can tolerate or condone in this chamber, we must not delay passage of this important measure. The enthusiastic reception given the excellent report of the Standing Senate Committee on Banking, Trade and Commerce is indicative of the spirit felt in all parts of this chamber on this point.

I know some honourable senators have questioned whether this represents a diminution of the powers of the Senate. Is it the wedge which suggests that there are those—God forbid!—who would like to see the abolition of the Senate? I suggest that during this session the Senate has demonstrated once again its undoubted worth, not only to the parliamentary system but to the people of Canada. I do not have to remind honourable senators, nor do I have to remind the people of Canada through their representatives in this chamber, that so far this session the Senate has initiated over 30 bills, and 48 amendments of undoubted worth and value which have enhanced and improved the legislation of Parliament. Indeed, we need make no apology for our performance or question our value to the parliamentary system or to the people of Canada.

That is the message which we should take every opportunity of conveying to our friends in the other place and to the people of this country. The confidence which this government has demonstrated in the Senate during this session by virtue of the fact that almost a record number of government measures have been initiated here is, I think, sufficient reassurance to those concerned about a possible move toward abolition. That is the best assurance that there is no substance to those fears.

I find it impossible to argue against the spirit of the amendment proposed by our distinguished colleague, Senator Molson, but in view of the urgency which exists in this country today of facing one of the most serious economic challenges we have had since Confederation, I can only urge that initiatives, urgent representations, go forward in other directions, and that the appropriate amendments be brought before Parliament so that this anomaly, that has been described so well by the Leader of the Opposition, can be corrected.

I am not taking a stance here of denouncing an amendment of undoubted worth. I am simply suggesting that we have a case of a greater good demanding that we take appropriate action on this measure this afternoon. I give my assurance again that the point is going to be made to my colleagues, with every fibre of energy I possess, that this kind of imperfect drafting should not occur again, and that we shall protect the rights of this chamber that are enshrined in the British North America Act.

● (1500)

I hope that with that kind of assurance, honourable senators—and I say it reluctantly—we may defeat this amendment, and proceed with the urgent matter that is before the house. I suggest that this is an action that is in the best interests of all Canadians.

Senator Asselin: We do not mind voting against the amendment if we are going to save the principle.

Senator van Roggen: Would the Leader of the Government accept a question?

Has the leader sought from the government a firm undertaking that an amendment to correct this anomaly will be brought in at the earliest opportunity next year? If he has not sought such an undertaking, would he consider it practical to obtain one before we vote on this amendment?

Senator Perrault: Honourable senators, it may not be possible for me to obtain that assurance at this time, but I think we should examine very closely the possibility of moving an amendment in this chamber when we come back after the New Year.

Senator McIlraith: Honourable senators, I would like at the outset of my remarks to compliment Senator Molson on the clarity with which he expressed his views on this important issue. He is very modest respecting his abilities in the field of constitutional law, but I think he has seen the point very clearly. He expressed it well, and moved an appropriate amendment.

The problem before us at present, however, is somewhat different from the usual case. The bill provides a route for termination of its effective operation. Usually an act of Parliament remains in force until it is repealed by Parliament, in which case there is no difficulty. Sometimes an act remains in force until a date that is specified in it.

This particular bill contains something a little different from those alternatives. It is, in effect, a modification of the second method of termination I have referred to. It contains a date for termination three years hence, together with an option for an alternative date to be set by order in council, approved by both Houses of Parliament. In my view, this is perfectly proper. However, the bill also contains, the offending subclause 46(6), which provides for termination on a motion in the House of Commons signed by 50 members, and adopted by a majority of that house alone, without the concurrence of the Senate.

This clause, as far as I am concerned, is quite offensive, but I would like to clarify one point and here I refer to Senator Asselin's remarks. I understood Senator Asselin to say that the method I refer to is unconstitutional. With this I cannot agree. I find it totally offensive for other reasons, but I cannot agree that it is unconstitutional, since Parli-

ment can, quite properly, enact any termination date it likes. In this case, this is the method of termination it is proposed that Parliament should enact. Parliament could, for example, enact a termination date which depends upon any extraneous occurrence. As I say, I cannot agree that it is unconstitutional. It may be offensive for other reasons, but not on the ground of unconstitutionality.

Since the report of the committee was presented only today, and a copy of it is not in the hands of all members of this house, I would like to read two sentences from it in order to develop a further point I wish to make. The sentences I refer to describe a similar motion that was made at the meeting of the Standing Senate Committee on Banking, Trade and Commerce.

Those voting against the proposed amendment were as strongly opposed to the form of the provision in the said subclause, requiring only the approval of a majority of the House of Commons for the subsequent expiration of the Act, as those who favoured the said proposed amendment.

That is an accurate statement of what took place in the committee. I now draw your attention to the next sentence:

The need for bringing into law the provisions of this Bill as quickly as possible in the best interests of the economy of Canada was the impelling motive of those who voted against the proposed amendment.

I was one of those who voted against the proposed amendment.

Senator Asselin: Did you express your views in that direction at the committee meeting?

Senator McIlraith: You will have to check the record. I am not certain whether I did or not. I think my views were expressed clearly to the other members of the committee, but I am not sure whether they are on record.

In any event, the sentences I have just read clearly express my own point of view. The impelling reason, as far as I am concerned, for voting against this amendment is that the bill is somewhat extraordinary—as was pointed out by two honourable senators in the Opposition—in that much of the operative work to be done under it will be done by regulation. Such regulations can only become law when the bill is passed, and the committee was told yesterday that we have every reason to expect those regulations within a few days. If we vote for the amendment it will mean sending the bill back to the House of Commons for their concurrence. That route is going to involve, of necessity, a few more days' delay in getting the regulations.

The Opposition may not agree that the bill is correctly framed, but it is a bill that is presently before Parliament to deal with inflation, and I think it is a good bill. In any event, regardless of my views on that, the urgency of passing the bill is so great that I for one am prepared to vote against the amendment in order to get the regulations passed by the Governor in Council, and into operation within the next few days.

For that reason, and with very considerable regret, I feel impelled to vote against Senator Molson's amendment, excellent though it is.

Senator Flynn: Honourable senators, I will be very brief. First, as Senator Phillips has indicated, the distinction between the problem we are faced with today, and the problems which have faced us on previous occasions where similar clauses were involved, is that now the problem is much more serious.

● (1510)

I think everyone agrees that in substance this is a bad clause, and there may even be some doubts as to the validity of legislation containing such a clause. Therefore, this is a situation we should not let stand. The argument made against it deals merely with the element of time involved. Well, if we pass this amendment, the message can be sent to the House of Commons today, and it can be considered there tomorrow. I do not see why the Senate should always be the only one of the two bodies held responsible for any delay. We could have royal assent tomorrow afternoon, and if the situation is as urgent as it is made out to be, then it should be as readily apparent to the House of Commons as it is to the Senate. To me that argument, made by those opposed to the amendment, is not valid and I cannot agree with it. We have ample time to deal with this. Royal assent can be given tomorrow. But the responsibility for recognizing the urgency of this legislation must rest with the House of Commons. I do not accept the argument that we are delaying the passage of this legislation simply because we put forward this amendment. It is the responsibility of the House of Commons in the present circumstances, which arise out of their negligence, if that is what it was, to correct the situation and in doing so to dissipate all doubts immediately. They could give consideration to this amendment tomorrow afternoon and royal assent, as I have already said, could be given tomorrow evening.

Furthermore, I do not see why we should take the blame for supposedly delaying the legislation when the House of Commons has taken five weeks to debate it while we have taken only five days. Surely they can take a few more minutes, which is all that would be required to pass the amendment, and then send it back to us and we could, as I have said, have royal assent tomorrow. If they should choose not to consider this tomorrow, then I do not see how anyone can blame the Senate for that.

Senator Grosart: Honourable senators, I intend to vote for the motion in amendment, and I agree entirely with the position taken by Senator Flynn. I would add, of course, that it should be obvious to all of us that our function is to delay legislation if it is not acceptable to us. Here we have a case where not only is it not acceptable to the Senate, but it is obviously not acceptable to the government, as stated by the minister who introduced it. So, I cannot understand the argument that we should not delay the passage of this legislation. Surely it is the function of the Senate to delay the passage of a bill if we find it has major imperfections. In this instance the only element of time involved would be a matter of a few hours. I am not saying that we should delay it indefinitely. I am not suggesting that for one moment. But I am saying we should delay it for whatever time is necessary to correct any deficiencies and any defects we find in the bill.

I will only comment on the statement made by Senator Molson that under certain circumstances, if there were a

[Senator McIlraith.]

substantive motion backed by general agreement for the abolition of the Senate, he would vote for it. I wish he had given his reasons for this statement. because I think I know some of them, it not all. For my own part, I have no hesitation in saying that if the time should come when we are faced with this difficult decision on a motion, or on a bill, to abolish the Senate, then we ourselves will have been largely responsible for that situation coming about.

I agree entirely with everything the Leader of the Government has said about the work done in the Senate, about the efficiency and the general usefulness of the work, particularly by our committees. On the other hand, we all know that there are practices, collective and individual, in respect to the responsibilities of senators that require remedy, if not excuse. To some extent, one of our committees is dealing with at least one possible aberration from the concept of senators placing their responsibilities in and to the Senate above and before all other responsibilities which they may have assumed. I would not myself agree to the abolition of the Senate under the circumstances indicated by Senator Molson unless there was the suggestion of an alternative body which would perform the necessary functions of a second chamber in any federal state. I do not believe that there is a single federal state which has not found it necessary to have a second chamber. Therefore, I am all the more concerned when as distinguished a senator as Senator Molson says he would vote for the abolition of the Senate. I would do so myself, however, unless some radical, fundamental reforms were made, particularly insofar as they concern the discharge of responsibilities here by individual senators, and also insofar as they concern the use of the public funds available to the Senate, and the facilities of the Senate, in respect to uses other than those strictly applicable to the work of the Senate. I am sure that honourable senators know the practices and aberrations to which I am referring.

I would urge the Leader of the Government, who is not here at the moment, to proceed at once, immediately, with the reform and renewal, and I emphasize that word "renewal," of this body. We all know the deficiencies that exist here; we all know of the criticisms that are made and the basis for those criticisms. On every side we are faced with suggestions for the reform of the Senate, that is to say on every side but one. The government itself has made suggestions. The Prime Minister has made suggestions. We find them in the press and we find them coming to us from academics and others over and over again. We hear these suggestions from all sides—except from the Senate itself. Surely the time has come when the Senate should look at itself and come forward with worthwhile suggestions for the reform and renewal of the Senate.

Senator Robichaud: Honourable senators, I certainly had no intention of speaking in this debate, but it has taken an interesting turn, inasmuch as the vitality and the role of this institution is concerned.

Senator Argue: Out of order!

Senator Robichaud: How I am out of order?

Senator Argue: I have been out of order on some occasions myself, but I do feel that in dealing with Bill C-73 we will be making a grievous mistake if we get into a wide-open debate on Senate reform. I have certain ideas which I

feel should be advanced on the question of Senate reform. Almost every time I make a speech I have ideas on Senate reform, but I think we should reserve general discussion on Senate reform to some time when it is in order. It is clearly out of order now.

Senator Robichaud: I appreciate the argument presented by my friend Senator Argue, but I am not going to talk about Senate reform because I agree that this is not the time to do so. However, I want to say that I undertook certain obligations on becoming a senator. I undertook to do a certain job, and I think I am doing that job despite any argument that may be presented to the contrary. I feel that we are playing a very important role at the moment, and I do not have to apologize to anyone for the job that we do day in and day out.

Last Thursday, when I was preparing to speak on the debate on the televising and broadcasting of Senate proceedings, I checked and found that four committees were sitting that morning, all of them at practically the same time. So, I think this institution is performing a very good job for Canada. I have no apologies to make to anyone for defending the institution of the Senate. I say this because of the work being done by all senators in committees and in the Senate itself.

● (1520)

Returning to the bill, I have a tremendous degree of sympathy with the motion introduced by Senator Molson. In my opinion, he is right in principle, and I would be inclined to vote for the motion, were it not for the urgency—

Senator Asselin: Hear, hear!

Senator Robichaud: Senator Asselin, I can hear and watch your reaction. I would be inclined to vote for it, were it not for the urgency in respect of passing the bill, but I am putting two things together.

I do not have to apologize for the good functioning of this body. At the same time, I think we can overcome this difficulty. This afternoon I heard the Leader of the Government say—it was not a commitment—that legislation may be introduced in this house to rectify the mistake that was obviously made, and admittedly made, in the other place. I am not worried in connection with that. I do not believe this institution is in jeopardy because a mistake was made by the other place. In my opinion we will survive, and I think we should. If we have in mind that it is possible, if legislation were introduced to abolish this house, that we might vote for it. then, in my opinion at least, those who speak that language do not fulfill the role which they should fulfill in this place. I believe strongly in this institution. I believe also in the urgency of the legislation with which we are now dealing, and I do not think that this house is in jeopardy because we vote for the bill.

Personally, I will vote against the amendment, sympathetic as I may feel toward Senator Flynn, Senator Asselin, Senator Molson and Senator Grosart. I am sympathetic with their cause, but I feel that I should still vote against the amendment.

Senator Asselin: Do not be emotional.

Senator Manning: Honourable senators, my remarks will be very brief. Judging by what has been said it is quite

clear, in my opinion, that there is almost general agreement that the amendment to this bill, which was introduced and passed in the other place, is not only an insult to the Senate, but something it is difficult to understand that Parliament would even consider. It seems to me that the practical question before us is what is the best and most effective manner in which to correct something which has been done, and which should not have been done.

It seems to me that there are only two ways in which the error can be corrected. One way is for the amendment to be passed in this house, and then in the other house. However, to be realistic, honourable senators, I see little prospect of the amendment passing in this house, in the first place. Even if it were passed by this house, I think it would be wholly unrealistic to think that the other house would approve an amendment of this type at this time.

The second course of action is that which was referred to briefly by Senator van Roggen and by the Leader of the Government. I would like to pursue it further for just a moment. If the bill is permitted to pass without amendment, why could this chamber not immediately bring in an amending bill to correct this error? I submit, first, that this would not necessitate any further delay in the passage of the bill, and it would recognize the importance of passing the bill as quickly as possible, as has been properly stressed by a number of honourable senators.

Secondly, I submit that there would be a far greater probability of an amendment, initiated in this house and correcting this error, being approved by the House of Commons, than would be the case if the amendment now before us were agreed to and the bill returned to the other place. For this reason I feel that I have no alternative but to oppose the amendment, as much as I agree with its substance and the need to correct the error.

However, I would ask the Leader of the Government if he is prepared at this time to give an undertaking that he will introduce, before we adjourn for the Christmas recess, an appropriate amendment, to the clause in question, that would require the consent of the Senate to any motion approved at some later date in the other place for the termination of the price and wage controls.

Senator Perrault: Honourable senators, I would like to make the commitment that the appropriate remedial action will be initiated to correct the anomaly which obviously exists in this bill as it stands. I do not know whether that requires an amendment initiated by the government in the Senate or, in conjunction with the sponsoring minister in the other place, an appropriate amendment included with other amendments which are anticipated in the near future. However, the best possible route will be sought to achieve what is obviously a needed correction in the drafting of this bill.

Hon. Senators: Hear, hear!

Senator Flynn: As much as I like the assurance, or the promise, given by the Leader of the Government, I point out to him and to the Senate that it is entirely unrealistic to count on any government action. I do not say that if it were introduced as a private bill by a member of the Senate it would not proceed. However, it would stand on the Order Paper in the other place for the whole of next

session. On the other hand, the bill, if introduced by the Leader of the Government here, would be a public bill and would be passed here quickly, following which it would sit on the shelf in the other place indefinitely. The same situation would occur, I assure you, if a government bill were sponsored in the other place. It would also be kept there until the next session ends. We would be told that it could not be arranged, that there were too many other pieces of legislation, and that the debate could not be commenced. At this time, if the amendment is sent to the other place, the pressure will be on them to vote on it in order to have the legislation in force tomorrow. If we cannot stand on our own feet, we might as well—

Senator Choquette:—fall down.

Senator Perrault: Honourable senators, I believe that the state of the economy today, and the wage settlements which depend upon clarification of this legislation and the regulations, are such that it is imperative that we avoid, if at all possible, any further inordinate delays. There are millions of dollars' worth of settlements and important contract matters hanging in the balance, and I can only suggest that a long, protracted further study of an amendment in the other place would do grievous harm to the economy at the present time. I hope that honourable senators will accept the assurance which has been given by the government today.

Senator Asselin: Will the Leader of the Government explain to the Senate why the other place took five weeks to study this legislation, if it is so urgent?

Senator McDonald: Ask your colleagues over there.

Senator Asselin: You represent the government.

Senator Smith (Colchester): Honourable senators, I have only a very few words to address to this question. It seems to me that whether or not the Senate should continue to exist is completely irrelevant, and ought not to form any part of our consideration. However, we are being asked to vote for something which everyone admits is wrong or, to put it the other way, to vote against something which everyone admits is right, which seems to me to be a pretty thin argument.

● (1530)

Surely the Leader of the Opposition is correct when he says that if there is any urgency felt by the government and the House of Commons, there need be no delay beyond a matter of a few hours at the outside. If they then decide that the bill is so lacking in urgency that they can keep it there a week, 10 days or two weeks, surely that is not our fault, but theirs. I do not understand the philosophy that we should vote for something which we think is wrong because someone has made a mistake from which they want to be rescued, and we have not the nerve to stand up and tell them so.

I propose to support Senator Molson's amendment.

[Translation]

Senator Denis: Honourable senators, I do not think this is the first time that a bill has needed to be amended. This is legislation which is urgent and which must be passed immediately. Everybody knows it is urgent. I wonder why that tempest in a teapot? I would understand Senator Molson if it were "a tempest in a beer mug."

[Senator Flynn.]

Senator Molson: That is better.

Senator Denis: However, the government admits it is an anomaly but that is of no consequence since next year it will be possible to amend it either here or in the other place. We can do one or the other if a bill is unconstitutional because it does not involve the three levels—the Senate, the House of Commons and the Governor General.

Well, nothing stops anyone from challenging the constitutionality of that clause. Consequently, the law remains the law, and we can apply it immediately.

We are playing around for nothing, absolutely nothing, because next year or in two years we will be able to amend it.

The government is aware of that anomaly. Statutes were passed which contained anomalies. Statutes are continuously amended. Do you not consider that that also applies to this bill? Even if it is not amended in this session, it will be of no consequence.

[English]

Senator McDonald: Honourable senators, I dislike very much the anomaly in the bill we are presented with. I dislike very much the fact that on numerous occasions the Senate is asked to do things in a rush, and that sometimes, because of the time factor involved, we have to forego improving legislation which is not as good as it should be. But, in this particular case, I am not so sure that if we were to amend the bill and send it back to the other place it would receive the immediate attention of all members of that house in order to rectify the obvious mistake they have made, and that they would return the bill to us in sufficient time for it to be dealt with and become law prior to the Christmas adjournment.

I am not convinced that some members of the other place, whose dislike of this chamber is very obvious, would give it the attention necessary in order for it to do what all of us would like to see accomplished. Because of the political affiliations of those people, and some organizations which have fought this legislation almost to a standstill, I am not so sure that we would receive sufficient cooperation in order to have done what each and every one of us, I am sure, would like to see done here.

For that reason I find myself in the position where I have no alternative but to vote against the amendment, in an endeavour to have the legislation read the third time today, and assented to tomorrow.

All of us recognize that since the last war an obstacle to the continued progress of our country, and the major problem faced by Canada and the Western world, has been inflation. Whether this bill will remove that problem, I do not know, but it is the only bill we have. So far as I am concerned, if we do not put it into effect as early as possible—which, in my opinion, means tomorrow—and get the regulations into the hands of Canadians, and convince them that the government means business, there will be little control over the cost of production, goods and services in this country.

I therefore beg all honourable senators to give the bill their support, and to vote against the amendment, with the assurance of the Leader of the Government that he will introduce an amendment to the legislation, or, in cooperation with the minister, get an amendment moved in the

other house. He has given us all the assurance that anyone could ask for.

Senator Flynn: But it doesn't mean anything.

Senator McDonald: I would ask all honourable senators to give the bill their immediate attention, and let us get on with the business of the day.

Senator van Roggen: As the one who posed the question to the Leader of the Government, may I say that the undertaking he has now given is ample for my purpose, and I shall be voting against the amendment.

In reply to the very cogent points made by Senator Flynn, if the amendment, when introduced, is not diligently and rapidly dealt with in the other place, or, indeed, if an amending government bill is introduced in the other place and then left on the shelf for the whole session, then I say to him that I—and, I would hope, other Liberals—will join him in blocking legislation from that house until they damn well do pass it.

Senator Flynn: I take note.

Senator Molson: It is on the record.

Senator Grosart: Will the Leader of the Government give us a similar assurance?

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Senators: Agreed.

Senator Benidickson: Madam Speaker, could the amendment be read? Some of us were not present when it was moved.

The Hon. the Speaker: It is moved by the Honourable Senator Molson, seconded by the Honourable Senator Macdonald:

That Bill C-73, intituled: "An Act to provide for the restraint of profit margins, prices, dividends and compensation in Canada" be not now read the third time, but that it be amended as follows:

Page 34: Strike out lines 11 and 12 and substitute therefor the following:

"House, a message shall be sent to the Senate informing the Senate that the motion has been so approved and requesting that the motion be concurred in by the Senate.

(6.1) If a motion approved by the House of Commons pursuant to subsection (6) is concurred in by the Senate, this Act expires on the date that is specified in the motion."

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Those who are in favour of Senator Molson's motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those who are against please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it. *And more than two honourable senators having risen.*

The Hon. the Speaker: Please call in the senators.

● (1540)

Motion in amendment of Senator Molson negatived on the following division:

YEAS
The Honourable Senators

| | |
|-----------|------------------|
| Asselin | Haig |
| Beaubien | Lawson |
| Bélisle | Macdonald |
| Cameron | Molson |
| Carter | Phillips |
| Choquette | Quart |
| Flynn | Smith |
| Grosart | (Colchester)—15. |

NAYS
The Honourable Senators

| | |
|------------------------------|--------------------|
| Austin | Langlois |
| Basha | Lefrançois |
| Buckwold | Macnaughton |
| Cook | McDonald |
| Cottreau | McElman |
| Croll | McGrand |
| Davey | McIlraith |
| Denis | McNamara |
| Deschatelets | Michaud |
| Desruisseaux | Molgat |
| Duggan | Neiman |
| Eudes | Norrie |
| Fournier | Perrault |
| (Restigouche- Gloucester) | Petten |
| Fournier (de Lanaudière) | Riley |
| Hayden | Robichaud |
| Inman | Smith |
| Lafond | (Queens-Shelburne) |
| Lamontagne | Sparrow |
| Lang | van Roggen—38. |

The Hon. the Speaker: I declare the motion in amendment lost.

Senator Asselin: Close.

Senator Croll: Question.

Senator Lawson: Honourable senators, I wish to make a few comments on the main motion before the question is put.

There is a great mass of confusion throughout the country insofar as labour-management negotiations, large and small, are concerned, especially in relation to those grey areas that are not covered by the specifics of the bill. There is a sense of urgency developing throughout the country

that something be done, that regulations be enacted and clear instructions given. A whole new art in negotiations has developed, which reads something like this:

● (1550)

As our Union is presently in negotiations with your firm and has arrived at a settlement with you, that on the face of it could be considered as being above the guidelines as set out, we wish to say that our reasoning for this settlement is that for one or more reasons, as set out in the regulations to the bill, we are in this case exempted from the controls.

However, as there may be some dispute or difference of opinion on this matter, the Union agrees that any initial wage increase shall be limited to 10% of all previous cost items in effect for a maximum of 60 days, and if either nothing is heard from the Anti-Inflation Board, or the settlement is approved by the Anti-Inflation Board within this 60-day period, the difference between the actual settlement and the 10% will be paid retroactively.

These are the kinds of clauses that are now being developed in negotiations, and most negotiations cannot be concluded because there are no clear-cut forthright regulations as to what does apply.

There are industry negotiations with a dozen companies—four of them are named in the original 1,500; eight are not. What rules apply to these companies? This is the kind of confusion that needs to be ended, and ended quickly, for at the moment there is virtually a total stop in all negotiations across the country; negotiations are virtually paralyzed. The only way I can see this deadlock being broken is by the passing of the legislation, and regulations being immediately circulated throughout the country.

There is one matter that I want to raise. When speaking during the debate on the White Paper I raised a concern that had been expressed to me in various parts of the country in negotiations about the question of interest rates. I was concerned about the psychological impact of interest rates and the high costs involved there, because it comes up in every set of negotiations. Since we discussed the White Paper here, it appeared that we were on the right track. I have here the reported bank profits: Royal Bank of Canada, \$153.2 million, up 43 per cent; Imperial Bank of Commerce, \$133.9 million, up 32 per cent; Bank of Montreal, up 81 per cent to \$102.1 million; Bank of Nova Scotia, \$111.7 million; Toronto-Dominion Bank, \$90.6 million, up 31 per cent.

Senator Benidickson: Would the honourable senator permit a question?

Senator Lawson: Yes.

Senator Benidickson: Would the honourable senator explain those figures? I did not quite understand them. Are they net increases after taxes, before taxes, after provision for bad debts, and so on?

Senator Lawson: This is a report in the Vancouver *Sun* of the after-tax profits of these banks. I would not want to commit myself as to their accuracy. Of course, it does not really matter whether it is after taxes, net, or whatever it is. Members of trade unions look at this and see these

[Senator Lawson.]

figures of 31 per cent, 48 per cent and 80 per cent. The increase for the Bank of British Columbia has been reported at 200 per cent.

The question I want to ask should perhaps be directed to the Chairman of the Standing Senate Committee on Banking, Trade and Commerce. In committee yesterday was the minister asked, or did the minister indicate, whether these kinds of percentage increases will be controlled under the guidelines, if they are adopted?

Senator Hayden: It was not raised in committee.

Senator Lawson: If the question was not raised, that is a real concern that would certainly influence my vote on the bill, unless there is some assurance, which perhaps the Leader of the Government might give, that these kinds of percentage increases will be controlled under the guidelines, and that we will not be faced next year with trade unions being restricted to increases of 8 to 10 per cent while the profits of the banks are not similarly regulated. I do not think the government can or should expect the support of the people of Canada if it is not going to do something about this.

Senator Beaubien: Honourable senators, to my mind there is absolutely no question but that the profits of the banks will be regulated.

Senator Grosart: It does not say so.

Senator Benidickson: Not only dividends, but profits?

Senator Beaubien: Does the honourable senator want to make a speech?

Senator Benidickson: Perhaps I might be permitted to ask a question about the distinction. Is it profits as well as dividends?

Senator Beaubien: The bank statements end on October 31. Therefore, they will be regulated on the amount they earned, which Senator Lawson mentioned. Dividends are regulated, and they are not allowed to go up by 10 per cent, but the salaries are; neither are profits allowed to go up by 10 per cent. I may be wrong, and Senator Hayden can correct me if I am, but I am sure that will be the law under the regulations.

Senator Perrault: Honourable senators, may I endeavour to provide some clarification? Banks are very definitely included within the ambit of this legislation. Bank charges, service charges and profits will also be included. The only way this legislation will succeed in the country is by being administered evenly so that it is fair to all groups. The wage earners of this country, the workers—whether they work as professionals or in mills and factories, or whether they are engaged in the important transportation industry of this country—making the vital contribution that they do, have a right to believe that they will not be called upon to make a sacrifice which will not be made by all sectors in the country, including those who serve in Parliament.

● (1600)

Honourable senators, while I am on my feet may I bring to the attention of the Senate information which I have just received from the office of the Minister of Finance. The minister has undertaken to introduce an amendment to the Anti-Inflation Act to provide for Senate consider-

ation, similar to that of the House of Commons, of a motion regarding early expiration of the said act, at the same time as other amendments of the act are introduced. I understand that a number of other revisions are now under consideration.

I am happy to be able to give that positive assurance to the house.

FURTHER MOTION IN AMENDMENT NEGATIVED

Senator Phillips: Honourable senators, before beginning my brief remarks on third reading, I would say that I noticed in the debate that several senators gave a few historical facts. I would like to place on the record that the first parliament to pass an anti-inflation bill was the British Parliament in 1351, when they approved the Statute of Labourers. For the first time the judges were selected not from the nobility but from among the rural middle classes, and they were placed on a fixed salary. However, the citizens at that time considered the justices or commissioners to be biased, and there followed 30 years of unrest and riots. I hope this is not going to be the situation in this case.

Throughout the debate, the life of this legislation has received considerable attention. Senator Perrault said that this is one place where we could have an honest political difference. I agree with that statement, and I would point out to him, in reply to his explanation of yesterday, that it should be three and a quarter years as opposed to 18 months. In flood control, not all the waters are released at once; waters are gradually released so that the areas under control are not flooded.

There are two points, honourable senators, that I do not consider to be political, the first being the fact that we do not have the regulations before us. Bill C-73 has been before Parliament for approximately six weeks, and we have still received no indication of the type of regulation to be promulgated. The regulations may be available next week, but one must ask why all the secrecy and hesitation in releasing them before third reading of the bill in this house. We are like a group of legislative paleontologists piecing together a bureaucratic dinosaur. We do not know whether that dinosaur is going to fly, swim, or, even worse, we do not know whether it is going to use its claws or its teeth on its victims. This fact causes me a great deal of concern. It is my hope that the regulations will bear in mind the Christmas spirit and be as generous as possible.

The other section of the bill that causes me a great deal of concern is the one dealing with appeal from a ruling of the administrator. I can only compare this aspect of the bill to a situation in which an individual lays a charge of assault against the administrator, and then finds that the brother of the administrator is sitting on the Bench. He will, in that case, naturally suspect a great deal of bias. Due to the fact that the appeal is directed to another branch of the same board, we can naturally expect suspicions of bias on the part of the board.

Honourable senators, I move, seconded by Senator Haig:

That Bill C-73, intituled: "An Act to provide for the restraint of profit margins, prices, dividends and com-

pensation in Canada, be not now read the third time, but that it be amended as follows:

Page 23: Strike out line 38 and substitute therefor the following:

"behaviour for a term not to extend beyond April 30, 1977."

Page 23: Strike out line 42 and substitute therefor the following:

"term not to extend beyond April 30, 1977."

Page 33 and 34: Strike out lines 7 to 47, inclusive, on page 33, and lines 1 to 19, inclusive on page 34 and substitute therefor the following:

"(2) This Act expires on April 30, 1977, or on such earlier day as may be fixed by proclamation."

The Hon. the Speaker: It is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Haig, that Bill C-73, intituled "An Act to provide for the restraint of profit margins, prices, dividends and compensation in Canada, "be not now read the third time, but that it be amended as follows:

Page 23: Strike out line 38 and substitute therefor the following—

Senator Flynn: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Senator Phillips: If I may, honourable senators, directly on the amendment proposed, draw your attention to a reply given in the House of Commons by the Minister of Finance, as reported at page 9791 of *House of Commons Debates*, in which he states that the government in its negotiations with the provinces is considering a shorter period of time, at the end of which time he hoped there would be a renewal—and I draw your attention to the word "renewal." I also draw to your attention the fact that the draft proposal presented to the provinces contains provisions for 18 months only, and that either the federal government or the provinces have the right to terminate the agreement by giving 90 days' notice no later than January 15, 1977. If the provinces are dissatisfied and wish an agreement for 18 months only, why should we provide a term longer than the provinces have requested?

I detect on the part of the government an unwillingness to consider a shorter term because of the opportunity that could be provided for criticism at the end of 18 months. If the proposals contained in Bill C-73 are not successful, I am sure the government will receive criticism both in Parliament and outside Parliament, so there is no opportunity for the Opposition to gain anything in particular there. On the other hand, if the program is working, a renewal would give the government the opportunity to renew the evangelical zeal that they are attempting to generate at this time.

The other day Senator Greene suggested an election could be fought on the issue. Perhaps this thought would occur to the government.

● (1610)

I wish to point out that this amendment does not mean the end of the legislation. It can be renewed, as suggested by the Minister of Finance, and if it is working I am sure

honourable senators would wish it renewed. If it is not, however, honourable senators would not want to continue the controls in the blind hope that something would happen in the next 18 months to improve the situation.

Senator Benidickson: Honourable senators, I think I shall not be delaying the house unduly if I make a few remarks now, inasmuch as I did not take the opportunity to participate in debate on two previous occasions. The first was on the inquiry of the Leader of the Government calling the attention of the Senate to the White Paper entitled "Attack on Inflation—a program of national action," which was published on Thanksgiving Day. The second was on the general debate on second reading of this bill, Bill C-73, before its referral to the Standing Senate Committee on Banking, Trade and Commerce.

I thought I read this morning that, after consultation with the provinces, the Minister of Finance had reconciled himself to their argument that 18 months was perhaps adequate for this legislation. I may be wrong in that, but my feeling is that if we do not have continuous full cooperation from the provinces beyond 18 months, this legislation will prove to be of little use.

I think it is obvious that it is easy for the provinces to accept initially, more or less *holus-bolus*, the hard aspects of the anti-inflation bill, knowing that politically in ensuing periods they can blame Ottawa invariably if things do not go well. They can simply say to their long-time constituents, their employees, teachers, labourers within provincial jurisdiction and municipalities, and so on: "We are not responsible. Blame Ottawa." Certainly, if I were a provincial premier I would be glad to have that political opportunity. After all, in the crisis which almost everyone recognizes exists today, it would be the easiest course to follow.

On the other hand, if the provinces are not prepared to go with the hard game rules for longer than 18 months, I am not sure that the program could be effective. I have been of the opinion for several weeks now that if this legislation does not prove itself within 18 months it is simply going to be a horrible nightmare anyway.

I have to say at once, though, that I am not against controls *per se*. In 1971 or 1972 one of our committees dealt with a similar subject concerning price and wage controls. At that time I was in a minority of one or two, I believe it was, who would have been prepared to accept controls then. I was overwhelmingly overborne by the rest of the committee, however. I feel their course of action was in response to the persuasiveness of their economic advisor, Mr. Gillies, who has since become a Conservative Member of Parliament. Naturally, a committee is master of its own destiny, but an economic advisor of his stature does have influence.

I am the first to admit that this kind of program can be done within a short time only once. I wanted to do it then. But if we had done it then we could only have put it into effect for a limited period of time and I certainly admit that we would not be in a position to do it now. For that reason I am prepared to forget the incident, except that I am a little resentful that Mr. Gillies took one stance on that occasion and then, in 1973-74, took the opposite position, becoming an advocate for controls as financial critic for the Conservative Party. In that respect I fully confess

[Senator Phillips.]

both parties have had lapses in philosophy, if I may put it that way.

Honourable senators, I was interested to hear the remarks of Senator Lawson earlier today. It is not too long since an earlier speech of his in this chamber was much respected across the country. But today he raised the question whether the banks were perhaps receiving too much profit from interest. Certainly, the beneficiaries of interest are, in the first instance, the chartered banks. I have nothing specially antagonistic against chartered banks. In my time I have served with two Ministers of Finance. In one particular year I was active when the ten-year revision was an important function of an assistant to the Minister of Finance in the other place. I am certainly proud of my association with two Ministers of Finance, Mr. Douglas Abbott and Mr. Walter Harris.

I believe there is an overwhelming sentiment in this place and in the country to see this bill passed. I join with that sentiment and I say let us get behind it despite any personal, real, sincere, or technical questioning we may have about the efficacy of certain aspects of the bill.

I applauded Senator Smith (Colchester) for his remarks yesterday when he was making certain objections, one of which had to do with the three-year duration of the measure. Perhaps I was wrong in my interpretation yesterday of the remarks of the Minister of Finance, for whom, I repeat, I have a high regard, but I thought yesterday Mr. Macdonald agreed with the provinces that perhaps the term should be only 18 months. I will not be here when the amendment is voted on, but my feeling is that if this measure works to reduce inflation, and fairly soon—and I certainly hope it does—it will have to be recognizable within the next 18 months. I say I certainly hope it works, because we are at the point, I think, of passing the bill and in my opinion we must all get behind it afterwards and see that it does work.

• (1620)

Although I am a graduate of a law school, I make no pretence of being a reader in detail of the legalistic clauses in some of the bills that come before us. I try always to be modest. If I have any lack of modesty, it may lie in claiming a certain sense of political smell that I have accumulated over a period of time. What makes me mention this is that yesterday, after Bill C-73 was referred to the Senate Standing Committee on Banking, Trade and Commerce, and after my duty to attend a caucus of my party had been carried out, I went to a meeting of that committee. I want to tell you my feelings about it. Admittedly, I arrived late at the meeting. The members were discussing professional fees, which I did not think was too important. I did not leave, however, before I heard Mr. Poissant, and a couple of other excellent assistants to the committee, raise some questions which I thought were very astute and important.

I do not want to be misunderstood. I consider that the Standing Senate Committee on Banking, Trade and Commerce has been giving a tremendous amount of valuable service to the Senate as a whole. They have dealt among others with the bankruptcy bill and the extremely controversial competition bill, Bill C-2. Many tributes have been paid recently to the committee, not only because of its work but because of the notable anniversary of its chair-

man. I have no desire to speak derogatorily of the committee, but I left its meeting yesterday in a somewhat unhappy state. I have before me a few pencilled notes for the later questioning that I made at the meeting. I wrote "\$2,400 limit. Patriotism. Trickery. Faith. Psychology." I wrote down: "Disappointed. Yes, perhaps disgusted. Lingering bad taste."

These were some of the ideas that I thought I might raise with the minister and some of the officials of the department—the minister whom I admire as much as anybody I know, in front-line politics and whose talents I recognized when he first entered the House of Commons. However, I walked out and thought, "Why should I bother him by opening up a can of worms?"

But two months have gone by since the Thanksgiving Day address of the Prime Minister. As an old controllist advocate when necessary, I approved of what he proposed. Some of us had a meeting later that night. The Prime Minister was there and I was glad to hear him say that while it had not been in the original announcement, there was no question but that the paid political servants of the Crown, members of the Cabinet and, I suppose, the higher salary level parliamentary secretaries, as they now call them, would surely be under the \$2,400 limitation with respect to incomes.

One of the reasons why I left the meeting yesterday was that if I had stayed I was going to have to tell my good friend the Minister of Finance, and some of the more highly paid officials of his department who were likely around with him, that since a few days after the Prime Minister's speech and the laying down of the guidelines, I have never lost the distaste inspired by the announcements, and my feeling that there was something a little too quick in the fixing up of salary protection for inside, knowledgeable people with respect to this \$2,400 limitation on increases in the immediate first year of these proposed controls. My memory is not as good as it used to be. There were quite a few people involved and I was going to ask him how many, but I decided then—perhaps, I think now, wrongly—against it.

Senator Forsey referred to this matter during the debate we had earlier in this connection, and he referred to personal sacrifices that might be made even here. I felt that if I spoke on the subject I might be misunderstood, however. We all have our personal situations, and when one person volunteers to give up sacrificially this, that and the other thing, he may not be doing something which can be done with equal ease by all, since someone else's obligations may be different.

I left yesterday's meeting of the Banking, Trade and Commerce Committee, as I say, with a feeling of uneasiness. I was unhappy. These feelings have been developing over the two months that have elapsed since the Prime Minister's announcement, and they have not been eased by this matter of government salaries over \$2,400 that has been thrown at me all across the country. The suggestion is, "The Ottawa people looked after themselves from and before the beginning."

It was 4.30 yesterday afternoon, I think, when we were discussing this in the Banking, Trade and Commerce Committee, so I decided to relax back in my office. I picked up the evening *Ottawa Citizen* and instead of being

cheered, however, I was rendered more unhappy. I read a column that I do not usually read, by a Mr. Geoff Johnson, the headline was, "Carpets escape the axe." The article goes on:

Up there on the 23rd floor of the Bell Canada palace on Elgin Street, lavishly appointed home of Treasury Board, keeper of the public purse, there is much honing of axes in readiness for the trimming of the public service.

I read the previous day that we might not even wait for attrition around here in the public service, that we might institute actual staff reductions. The article continued:

Certainly, it's not the carpets that will feel the axe first.

Honourable senators can read the article for themselves. We are here to pass a bill, and I perhaps should not raise these petty things, because we have on our agenda as well the report of the Standing Senate Committee on National Finance, before which the President of the Treasury Board appeared for consideration of extra supplementary estimates (A) 1975-76. I think all members of that Committee will feel, while they had met Mr. Chrétien here on November 19, that he earned greater respect from them than ever for some of the points of view he expressed. Personally, I have great admiration for him. I thought he did extremely well as Minister of Indian Affairs, and I do not think that anybody has more Indian constituents than I have, and have had over a long period of time. He had a great interest in their welfare and, for example, he provided the native peoples with funding so they could retain advocates and staff to advance their case against even the government itself if necessary, and to assert their rights and causes. As I say, I have great respect for Mr. Chrétien. He apologizes for his bilingualism at times, but I wish I could express myself in English as efficiently, colourfully and pointedly as he did and does.

• (1630)

Again, honourable senators, I am not being personal, but I have sufficient experience around here to know that if there were new carpets for Treasury Board itself they were probably ordered six months or more before the decision to do some belt-tightening and to have some more controls and restraint. I think some old-time politicians would have burned those carpets or put them in storage rather than leave the possibility open for such a newspaper article to appear in the current climate. But I am aware that these mistakes are continuing to be made, and the top people have to think personally about them. Shape up their staffs! They have to do without carpets.

The article went on to say, more or less: Goodness gracious, the Canadian Council is expanding; they are putting other people out of downtown offices; they need new carpets and they need new space. I am not singling out the Canada Council here. It is the newspaper story that does. But all over Ottawa people are asking for leadership by the government itself. Let us see that the leadership in these things comes from the very top—the ministry. I think it will. As I have told you, I have the greatest respect for the two members of Cabinet to whom I have referred, but I feel that everybody has to be serious about this and everybody has to get down to it and do his best. Staff must

support their ministers and the welfare of the country.

I refer back to what Senator Smith (Colchester) said, that he has great objections to a number of the clauses of the bill, and that he had considerable doubts as to their efficacy. I regret what I regard at the moment as too strong objections that have been registered against the anti-inflation proposals by the official labour movement. I was elected as a Liberal labour member, and I can recall no occasion when, if called upon, I did not respect the honour of being a Liberal labour member. On four or six occasions, and usually with my deskmate, Senator Croll, I voted, perhaps against my party Whip, on their behalf. The one thing I think I can point to, and with some pride, is that on each and every subject where I didn't follow the party line my point of view eventually became part of Liberal Party legislation. However, I think that there must be a little less antagonism now to this bill. I think it is time for us all to rally and to let bygones be bygones; let us put patriotism at the top and let us put the idea of sacrifice and conscience before each and every one of us. Let us be prepared to make sacrifices and let us make this legislation a success, regardless of anything that we have seen or said in the past.

Senator Flynn: Honourable senators, I suppose we are going to come back to the amendment now before the Senate. I understand that since Senator Benidickson had to leave he was allowed to speak to the whole bill, but I think the question now to be discussed is that of the period of time for the application of this legislation.

Senator Phillips made the point very clearly, and he has been supported in this respect by Senator Benidickson. What we suggest, and what our party has always suggested, is that for those who will suffer more directly, the hope of an early termination of the control is of great importance. Since the government has agreed, in fact, with the provinces by allowing in the agreement for a period of only 18 months, we think the bill would be much more logical, and offer more hope to those who will suffer the "rough justice" it provides, if it allowed them to look forward to its possible termination after 18 months instead of three years from now, to say nothing of the fact that the latter date surely involves serious dangers for the health of the economy.

Senator Perrault: Honourable senators, two points were made, and made very eloquently, by Senator Phillips—the first one concerning the duration of the program, and the second involving the suggestion which was made by him that there is an inadequate opportunity for criticism, and that the three-year period appears to him to be a device to frustrate legitimate criticism of the program. However, I should like to direct his attention to clause 46(2) of the bill, which provides:

This Act expires on December 31, 1978, or on such earlier date as may be fixed by proclamation or a motion for the consideration of the House of Commons that is approved by the House—

And I do not want to go over all that again.

Senator Flynn: It is subclause (6) that you want to refer to.

[Senator Benidickson.]

Senator Perrault: We have reviewed all this at some length. Consequently, I am suggesting that the program can be terminated at an earlier date if it should appear to be in the best interests of the country to do so. I want to provide that assurance once again.

Insofar as the negotiations with the provinces are concerned, it is true that some of the provinces suggested that as far as their own public sector employees were concerned, the program should be for 18 months. The proposal is that the provinces would be able to sign formal agreements to have the federal guidelines apply to provincial public servants for the shorter period of 18 months, with the expectation that their participation would be reviewed and extended at the end of that time. The representations which have been received from the provinces have applied to provincial public servants, but it is the determination of the government to have the three-year period—at least, the expiration date, December 31, 1978—to continue to apply to those who work in the private sector.

I return to the controversial subclause 46(6):

Where, at any time after March 31, 1977 and before July 1, 1977, a motion for the consideration of the House of Commons—

"And the Senate," as it will ultimately be.

● (1640)

—signed by not less than 50 members of the House, is filed with the Speaker—

That really provides that after a decent period of time, when Canadians of all political persuasions and beliefs have had time to assess the impact of this program, there will be ample opportunity for 50 members of the loyal Opposition, should they so desire, to initiate the type of debate which it may be necessary to have at that time. There is no attempt to frustrate criticism. If the program is not as successful as hoped, as members of the Opposition suspect it may not be, they will have full opportunity to criticize in the full and rich parliamentary tradition. There is no attempt to muzzle legitimate criticism of this program for a 36-month period.

Although I know it is not directly relevant to the amendments, I think all senators should be commended for their constructive remarks and, at times, their constructive criticism of the measure before us. This is bound to be a controversial piece of legislation. In important measures of this type there are certain to be real concerns and apprehensions, not only with respect to the implementation but also the effect of the legislation. That is freely admitted. You know, we are really undertaking a journey into faith to a certain extent, because we have never had this type of program in Canada before in peacetime. However, the goodwill evinced by all members of the Senate, in my opinion, is one of the happiest auguries for the future. There is a feeling that we want it to work.

I wish to give the commitment that there will be an earnest endeavour on the part of the government to ensure that the legislation works in the public interest as fairly as possible. Appropriate amendments will be advanced should the need for them become apparent. The remaining task is for us to make this program work.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Those in favour of the motion in amendment will please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are against the motion in amendment will please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it. *And more than two honourable senators having risen.*

The Hon. the Speaker: Please call in the senators.

● (1650)

Motion in amendment of Senator Phillips negated on the following division:

YEAS
The Honourable Senators

| | |
|-----------|------------------------|
| Asselin | Haig |
| Beaubien | Macdonald |
| Choquette | Phillips |
| Flynn | Quart |
| Grosart | Smith (Colchester)—10. |

NAYS
The Honourable Senators

| | |
|------------------------------|-----------------------------|
| Argue | Lang |
| Austin | Langlois |
| Basha | Lefrançois |
| Buckwold | Macnaughton |
| Cameron | McDonald |
| Carter | McElman |
| Cook | McGrand |
| Cottreau | McIlraith |
| Croll | Michaud |
| Davey | Molgat |
| Denis | Molson |
| Deschatelets | Neiman |
| Desruisseaux | Norrie |
| Eudes | Perrault |
| Fournier | Petten |
| (Restigouche- Gloucester) | Riley |
| Fournier (de Lanaudière) | Robichaud |
| Goldenberg | Smith (Queens-Shelburne) |
| Hayden | Sparrow |
| Lafond | van Roggen—40. |
| Lamontagne | |

The Hon. the Speaker: I declare the motion in amendment lost. Shall the main motion carry?

Senator Flynn: Honourable senators, I do not intend to delay the passage of the bill, even if we are not very happy with the result of our efforts to improve it.

I would like at this time to put a question to the Leader of the Government concerning the rumour that the Anti-Inflation Board has ruled that the agreement entered into between the Postmaster General and the postal workers is in contravention of the guidelines. I was wondering whether, under the legislation, the Anti-Inflation Board has only the power of recommendation and whether the administrator can do anything about the agreement.

I think the Senate would like to be enlightened on this matter.

Senator Perrault: In reply to the honourable senator, I have only fragmentary information at this time with respect to the reported ruling by the Anti-Inflation Board on the proposed settlement for the inside postal workers. For the sake of accuracy, I would like to take his inquiry as notice and provide a reply as soon as I am able to ascertain the facts.

Senator Macdonald: Honourable senators, I do not propose delaying the third reading of this bill by more than two or three minutes, but I would like to make one suggestion.

It seems to me that ever since the program was introduced, the emphasis has been on wage controls. Many Canadians, particularly those on low and fixed incomes, believe that price controls mean that the price of groceries will be frozen. If that is not done, there will be a great deal of disappointment over the coming months.

I know that the price to the farmer and fisherman does not come within the act, and that only other increases which are justified can be considered. Some of the major grocery chains have frozen the price of groceries, with the exception of perishables, which shows that it can be done very easily.

● (1700)

I suggest to the government that it freeze the prices on those groceries that people must buy, and, if prices must rise, that they be kept frozen by means of subsidies, as was done during the war.

Senator Perrault: On behalf of the government, may I say that careful attention will be given to the honourable senator's proposal.

Hon. Senators: Hear, hear.

THIRD READING

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion for third reading?

Senator Flynn: On division.

Motion agreed to and bill read third time and passed, on division.

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Thursday, December 11, 1975, at 11 o'clock in the forenoon.

Motion agreed to.

THE ECONOMY**GOVERNMENT EXPENDITURES—ENLARGEMENT OF ST. LAWRENCE ISLANDS NATIONAL PARK—QUESTION ANSWERED**

Senator Perrault: Honourable senators, yesterday I was asked a question by Senator Molson regarding the possible enlargement of the national park on the St. Lawrence River.

In answer to the honourable senator's question, I should like to advise the Senate that the Honourable J. Judd Buchanan, Minister of Indian Affairs and Northern De-

velopment, in a press release of April 1975, announced federal government plans for the expansion of the St. Lawrence Islands National Park. The estimated cost is \$30 million. However, the plan is only in the concept stage, and spending of funds will occur only after the master plan stage has been approved. It is anticipated that the project will reach that level within the year.

Of course, the money will be spent only with Treasury Board approval and the appropriate parliamentary approval.

The Senate adjourned until tomorrow at 11 a.m.

APPENDIX

(See p. 1571)

COMBINES INVESTIGATION ACT

REPORT OF STANDING COMMITTEE ON BANKING, TRADE AND COMMERCE

Wednesday, December 10, 1975.

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill C-2, intituled: "An Act to amend the Combines Investigation Act and the Bank Act and to repeal an Act to amend an Act to amend the Combines Investigation Act and the Criminal Code", has, in obedience to the order of reference of Tuesday, October 28, 1975, examined the said Bill and, for the reasons hereinafter mentioned, now reports the same without amendment.

Bill C-2 as passed by the House of Commons comes as no stranger to your Committee, the subject matter thereof having been referred to it for advance study on March 27, 1974 and again, in the present Parliament, on October 16, 1974. On March 19, 1975 the first Interim Report¹ of your Committee was tabled in the Senate and a second Report² tabled on June 26, 1975.

Bill C-2 proposes extensive amendments to the *Combines Investigation Act* and is said by the Government to comprise what has commonly been described as "Phase I" of contemplated amendments to that Act. The effect of these amendments is to—

- (a) bring service industries and the professions under the scope of the Act,
- (b) create certain new offences relating to combines,
- (c) make certain trade practices "reviewable" by the Restrictive Trade Practices Commission,
- (d) provide a civil right of action for violation of the Act,
- (e) expand the jurisdiction of the Federal Court of Canada with respect to combines matters,
- (f) strengthen the law with respect to misleading advertising and representations, and
- (g) provide more severe punishment for infringement of the Act.

Further amendments to the Act, commonly referred to as "Phase II", relating particularly to mergers and monopolies will be introduced, according to the Government, during the next session of Parliament. With the introduction of Phase II, most of the ground covered by Bill C-256, the *Competition Act* (which was introduced as a comprehensive overhaul of the *Combines Investigation Act* nearly four-and-a-half years ago, but not proceeded with) will have been traversed in slower, and therefore for those affected less painful, but possibly just as comprehensive a fashion.

As stated in the first Interim Report on the advance study, your Committee had the advantage of considering a great many submissions from a cross section of companies and associations; a list of briefs and appearances is

attached as an appendix to the first Interim Report. In addition, your Committee heard evidence by the Director of Investigations and Research under the Act, Mr. R. J. Bertrand, and other members of his Department. As a result of those hearings your Committee made in its first Interim Report on the advance study a number of recommendations for amendment to the Bill before it was passed by the Commons. The Bill in the form finally adopted by the Commons responds to an appreciable number of the most important concerns and recommendations of your Committee with respect to the Bill as originally introduced.

The Bill was referred to your Committee by the Senate on October 28, 1975. Your Committee since that date has had seven sessions during which it has heard five further submissions from the parties listed in the Appendix. In addition, three sessions were devoted to the evidence of the Minister responsible for the legislation, the Hon. André Ouellet, Minister of Consumer and Corporate Affairs.

No new concerns have been identified by your Committee since the Bill itself was referred to it which have not already been described in its two Reports on the advance study with the exception of a minor technical matter in connection with the punishment provisions arising out of amendments made in the House of Commons during the debate on the report stage on the Bill.

Your Committee's principal task has therefore been to assess the effectiveness of the amendments made in the Commons in meeting the recommendations outlined in its two previous Reports and deciding what action should be recommended with respect to those which have not been reflected.

Among the recommendations made in the Interim Report which your Committee considers have been fully met by amendments to the Bill made in the Commons are the following:

1. Restoration of the refusal to sell defences under the resale price maintenance provisions (new subsection 38(9), clause 18, p. 42).
2. Provisions making the Commission a Court of Record for purposes of its jurisdiction in connection with reviewable practices, requiring that the burden of proof in applications before the Commission under the reviewable practices jurisdiction shall be on the Director of Investigation and Research (except where the applicant is a supplier seeking modification of an order) and clarifying that parties before the Commission have the right to cross-examine witnesses called by the Director and to call and examine witnesses and produce documents on their own behalf (new section 31.8, clause 12, p. 23).
3. Provision of a right of application by a supplier against whom an order has been made under the reviewable practices provisions to apply for modification of such order. (New section 31.9, clause 12, p. 23).

¹ Committee Proceedings Issue No. 33 and Appendix to Hansard, March 19, 1975.

² Committee Proceedings Issue No. 47 and Appendix to Hansard, June 26, 1975.

4. A re-drafting of part of new subsection 31.4(2), clause 12, pp. 16 and 17 clarifying the circumstances under which an order respecting the practices of exclusive dealing or tied selling may be made¹.
5. Removal of a provision whereby the consent of the person calling for tenders to a joint bid would have to be obtained prior to submission of the tender (new section 32.2, clause 15, p. 27).

Among the recommendations of your Committee which were partially met by amendments made by the Commons were the following:

1. *The provision of a defence of "due diligence" with respect to certain offences which would have otherwise carried strict liability.*

This was perhaps the most significant of the concerns expressed by your Committee and its recommendation has been implemented to a substantial degree in the amendments made by the Commons. The offences in the present Act with respect to misleading advertising and representations and as amended by the Bill are provided for in such a way that, contrary to typical criminal offences, *mens rea*, or, criminal intent is not an ingredient which must be established by the Crown. The amendment containing the "due diligence" defence appears as new section 37.3 in clause 18 of the Bill on page 39. With the exception of the word "forthwith" in paragraph 37.3(2)(d), your Committee is satisfied that the amendment meets the concerns expressed by your Committee. The Minister and his officials argued that there was sufficient flexibility in the word "forthwith" that there would be no undue hardship and that to remove the word would open the door to abuse by the unscrupulous. It may be that the courts will interpret the provision in the manner suggested by the Minister and, if so, there will be no difficulty. Instead of an amendment to delete or replace the word "forthwith" your Committee recommends that no action be taken at the present time and that court decisions under the section after enactment be monitored to ascertain whether the defence is meeting the concerns for which it was inserted.

2. *Exemption for affiliates.*

Your Committee proposed that the exemption in the Bill in respect of dealings between affiliated persons and companies under the resale price maintenance provisions (new subsections 38(2) and (7) on pp. 40 and 41, clause 18) be extended to other offences in the Act and in the Bill since, otherwise, by implication, dealings between affiliates might constitute commission of the offence. This proposal was recognized in the Commons amendments with one exception. The exemption was not extended to sales between affiliated companies for the purposes of the price discrimination provision, section 34 of the Act. In other words, the clear implication as a result of this omission will be that, e.g., a parent company may not be able to sell to a subsidiary at a lower price than it would to an arm's length customer. The explanation given by the Minister

was that allowing sales to subsidiaries at a lower price would tend to weaken the position of arm's length customers of the parent company who compete with the subsidiary. In other words, the possibility of lower prices to the consumer should yield to the creation of conditions to improve the status of independent dealers. This is obviously a policy question of some importance and the Minister has indicated that the matter will be re-examined in the Phase II amendments together with the subject of loss-leadering—another area where possible lower prices to the consumer in the short run should possibly give way to other considerations. In this connection he said:

"I do not want to duck the question at all; quite the contrary. It is an important area. It is public knowledge that in Phase II we will be dealing with loss leading. I have indicated this in speaking to the other place that this would be one of the subjects of study and action in phase two. We will also be dealing with price discrimination in Phase II. We will come back to the subject at that time."¹

3. *Sports.*

Because the Bill would extend the application of the Act to services, it could be argued that the customary arrangements between leagues and teams in amateur and professional sports with respect to players could be considered an offence under section 32 of the Act. Recognizing that some exemption should be granted, the Bill would substitute for section 32 a new section 32.3 which in essence repeats in subsection (1) in language more applicable to the sports world the offence contained in section 32 but also provides in subsection (2) a defence which could be invoked based on the desirability of maintaining a balance among the teams and the necessity of observing certain regulations in sports organized on an international basis.

Your Committee recommended that both amateur and professional sports should simply be exempted from the Bill.

While recognizing that combines legislation may not be the appropriate place for dealing with the problems of the sports world, the Minister, when he appeared before your Committee, suggested that in due course these and other matters affecting sports would be dealt with in a comprehensive way in other legislation and that in the meantime this new provision should be inserted in the Combines Act. Your Committee, with some reservations, agrees that the new provisions should be allowed to remain on the basis that some form of exemption from section 32 of the Act is required and that the matter will be kept under review by the Government for more appropriate attention at a later date.

4. *Regulated Trades, Industries and Professions.*

An area which has presented great difficulty to your Committee is the position of regulated industries, trades and professions. Because the Bill would bring services under the purview of the Act, attention has been focused on the problem although it may well be that the problem existed under the present Act in relation to trades and industries dealing with "articles".

¹ See Interim Report, Committee Proceedings No. 22, Item 8, p. 9.

¹ Committee Proceedings, Issue No. 61, November 19, 1975, p. 17.

Your Committee feels strongly that no industry, trade or profession, the bulk of whose activities are regulated by some governmental body, whether provincial or federal, should, in addition, be exposed to prosecution under the *Combines Investigation Act*.

Your Committee heard submissions in this area from the Institute of Chartered Accountants, the International Air Transport Association (IATA), the Air Transport Association of Canada, the Winnipeg Commodity Exchange and the Association of Canadian Franchisors and Independent Grocers' Alliance.

In the case of the Institute of Chartered Accountants (and other professions) and the Winnipeg Commodity Exchange, members have for years had arrangements with respect to certain aspects of the carrying on of their activities. There is nothing secret or covert about these arrangements and they have generally been regarded as being in the public interest. While some aspects of their activities may be considered to be regulated to one degree or another, some aspects clearly are not. Yet, if those activities are still regarded to be in the public interest, it would be an ill-considered policy that would abruptly, in the wake of a new law of general application, make them illegal merely because they are unregulated or insufficiently regulated.

An amendment was inserted in the Bill by the House of Commons which may be of some assistance to the professions. (See new subsection 32(7), clause 14, p. 26). It provides that a court shall not convict under the conspiracy section if it finds that the arrangement relates to the standards of competence and integrity reasonably necessary for the protection of the public.

The Minister and his officials in their testimony before your Committee stated on the one hand that they considered that the decisions of the courts, particularly in the *Breweries* case¹ and the *Farm Products Marketing* case², were sufficient protection for these groups. On the other hand, the Minister and his officials were unable to resist keeping the door to application of the *Combines Investigation Act* open by stating that they also felt that the degree to which a regulated trade, industry or profession could consider itself protected by this jurisprudence depended to a great extent on the manner in which the particular regulatory body responsible for them exercised its powers. Since in many cases it may not be up to or within the power of the particular industry, trade or profession to affect the manner in which such bodies exercise their legislative powers, your Committee considers that they may well be placed in an untenable position if the *Combines Investigation Act* is applied blindly to them.

The case of the air transport industry in Canada is particularly striking in this regard. Because of the nature of its activities, there has always been a high degree of cooperation amongst the various companies in the industry. This cooperation has been, in some cases, required and

in other cases simply encouraged by the Government. For example, the Government of Canada has many agreements with other countries respecting air transportation which provide as follows:

"The tariffs referred to in paragraph (1) of this Article shall, if possible, be agreed in respect of each route between the designated airlines of the contracting parties, in consultation with other airlines operating over the whole or part of that route, and such agreement shall, where possible, be reached through the rate-fixing machinery of the International Air Transport Association. The tariffs so agreed shall be subject to the approval of the aeronautical authorities of both contracting parties."

It is true that the tariffs which result from such agreements must be filed with the Canadian Transport Commission but the question remains as to whether this process is a sufficient "regulation" to bring the carriers within the exempting formula contained in the judgment of Chief Justice McRuer in the *Breweries* case. Moreover, there may be other aspects of the air transport industry on which it has been the practice to have agreements and arrangements, with the encouragement of the Department of Transport and the Canadian Transport Commission, in respect of which the powers of supervision of the Canadian Transport Commission are not as precise as they are in the case of tariffs.

In its Second Interim Report, your Committee recommended that a provision be inserted in the *Combines Investigation Act* specifically exempting the air industry from the application thereof. The Minister has argued against the insertion of a specific exemption for particular named industries (although there are already some in the Act) but at the same time appeared to recognize the dilemma in which the industry might find itself as a result of application of the Act. The following are some excerpts from the Minister's testimony before the Committee on November 19th:

"... Phase II of the revision of the competition policy will be concerned especially with those matters which affect the structural issues of industry raised by merger, monopoly and specialization agreements. I could undertake today before you to say that this question of uncertainty which exists for the transportation industry must and could be clarified in the course of the coming months after full discussion with my colleague, the Minister of Transport, and the appropriate decision made as to whether it would be dealt with through the Canadian Transport Commission or the *Combines Investigation Act*..."³

"... Secondly, I am quite prepared to meet some of the fears expressed by members of this Committee by saying that the new area now covered, that in order to clarify the situation we will undertake to have an in-depth study and come up with a positive conclusion one way or the other on Phase II. But basically we assume that competition is expected in the air transport industry and that the industry should conduct itself accordingly.

¹ 1960 O.R. 601

² 1957 S.C.R. 198

³ Committee Proceedings Issue No. 61, p. 6.

I hope and believe that everyone here accepts this understanding. Whether it is monitored by the Director of Combines (sic) and Research or whether by the CTC is a question that has to be clarified. I am quite prepared to ensure that it will be clarified in the course of the coming months.

Therefore, by the time we introduce Phase II of the competition policy we will know exactly whether it should be regulated through the CTC or under the umbrella of the *Combines Investigation Act*.¹

"We ask that the aeronautical authority, being the CTC, exercise its full authority over civilians. We do believe that for the time being there is no danger of a case developing until we have had an opportunity of correcting the situation in Phase II, at which time we will put forward a definite position on this."²

"... The promulgation of a certain part of the Act will come within a matter of weeks. More particularly, in the service section, we have said that we will give sufficient time to the service industry to prepare themselves because of the new legislation. This will be a period of three, four of possibly five months. We might not promulgate this section until we have been able to settle clearly the question whether or not the CTC is doing this monitoring and this in-depth decision making. If the mechanism is in place within the CTC to do the in-depth evaluation, it is quite clear the *Combines Investigation Act* does not apply. We could then promulgate it without difficulty."³

Exemption from combines legislation for specific industries is not completely unknown in Canada. It was found some years ago, for example, by the Restrictive Trade Practices Commission that the shipping companies in Canada were operating a cartel in respect of an aspect of their business. It was also found by the Commission, however, that the cartel was in the public interest. The result was the *Shipping Conferences Exemption Act*.⁴

It is clear from the discussions in Committee that a great deal of further consideration will have to be given to the entire question of regulated trades, industries and professions in relation to competition legislation. Your Committee appreciates the difficulty of framing a general exemption covering all regulated activities, as was attempted in clause 92 of Bill C-256, because of the danger that general language may go further than desired in some cases and not far enough in others. On the other hand, your Committee favours a solution whereby the particular regulatory body concerned is responsible for all matters with respect to the industry under its jurisdiction to the exclusion of the *Combines Investigation Act*.

In this connection, the Minister has undertaken that, in availing itself of the split proclamation provisions in clause 31 of the Bill, the Government will not proclaim the Bill in relation to services for purposes of section 32 of the Act for a period of six months after proclamation of the

other provisions of the Bill. A copy of the Minister's letter to the Chairman of your Committee is annexed to this Report.

The interval between passage of the Bill and proclamation, if carried out in accordance with the Minister's undertaking, will provide time for a rational analysis of the problems, and, if necessary, for introduction of amendments to other legislation. If the matter cannot be resolved in that way, the introduction of the Phase II amendments to the Act will provide further opportunity for dealing with the problem.

This report has dealt largely with the position of the air transport industry and carriers. However, the discussion is applicable to other regulated and semi-regulated industries. In the latter category falls the Winnipeg Commodity Exchange, which also appeared before your Committee. The Exchange, is an unincorporated association and therefore derives no legislative sanction for its activities from its own constitution. There is power under the *Grain Futures Act*¹ for the Board of Grain Commissioners of Canada to revoke or vary any by-law or rule of the Exchange which in its opinion is prejudicial to the public interest. The position of the Exchange appeared to be that this power of the Board over their operations was sufficient to bring their arrangements with respect to minimum commissions within the protective formula enunciated by Chief Justice McRuer in the *Breweries* case. The Exchange may or may not be well founded in taking that position in view of statements made by the Minister and his officials before this Committee. Their point, however, was that two of the commodities for which the Exchange prescribes minimum commission rates, namely rapeseed and gold, are presently not covered by the *Grain Futures Act*. The delay in proclaiming application of section 32 of the Act to service industries will provide time for the Exchange to seek an amendment to that Act so as to bring rapeseed and gold within the regulatory umbrella of the Board of Grain Commissioners. So as to clarify that these activities remain immune from the *Combines Investigation Act*, the Exchange may also wish to consider in the interval whether the powers of the Board under the Act should be strengthened or whether a specific exemption from combines legislation should be provided in the *Grain Futures Act*. The question in their case (as in all cases) should be examined on the merits: Are minimum commissions in commodity futures trading desirable in the public interest? If the answer is in the affirmative, which it apparently has been since the beginning of the Exchange's operations nearly a hundred years ago, then there seems little doubt that the supervision should come from the Board of Grain Commissioners rather than the Director of Investigation and Research under the Combines Act. The latter really cannot supervise or regulate. His is a blunt weapon; the sole question is: To prosecute, or not to prosecute.

The position of the Winnipeg Commodity Exchange has been dealt with in some detail because there may well be an analogy with other groups who may wish to take advantage of the deferred proclamation to analyse their position

¹ Ibid, p. 7

² Ibid, p. 9

³ Ibid, p. 10

⁴ R.S.C. 1970, Chap. 39 (1st Supp.)

¹ R.S.C. 1970, Chap. G-17.

and make necessary changes in their own activities, or make representations for change in the legislation governing them or, possibly, in the *Combines Investigation Act* itself.

5. Franchises.

Many arguments were addressed to your Committee to the effect that bona fide franchise arrangements should be exempted from the application of the Act. Because the Bill would make tied selling, exclusive dealing and market restriction practices reviewable under the new reviewable practices jurisdiction of the Commission and since one or more of these practices is usually involved in so-called franchise arrangements, it is clear that the Commission will have the power to make orders with respect to franchise agreements. Your Committee believes that the basic elements which must be established by the Director before the Commission can make an order under these provisions, namely, that the effect of the arrangements is likely to lessen competition *substantially*, afford a certain degree of protection to those in the franchise business.

Beyond that, two amendments were made in the House of Commons which go toward meeting the concerns of your Committee. One was the addition of new subsection 31.4(7) clause 12, p. 19. This amendment is particularly designed to exempt one of the kinds of arrangements commonly used in the soft drink bottling industry. The other amendment is the addition of new paragraph 31.4(5)(c), clause 12, pp. 18 and 19 reading as follows:

"(c) a company, partnership or sole proprietorship is affiliated with another company, partnership or sole proprietorship in respect of any agreement between them whereby one party grants to the other party the right to use a trade mark or trade name to identify the business of the grantee, provided

- (i) such business is related to the sale or distribution, pursuant to a marketing plan or system prescribed substantially by the grantor, of a multiplicity of products obtained from competing sources of supply and a multiplicity of suppliers, and
- (ii) no one product dominates such business."

This particular amendment developed in the House of Commons as a compromise to an amendment introduced by an Opposition member which would have completely exempted franchise arrangements. The Minister indicated that the Government would not be prepared to go that far and he then offered the provision referred to above which is now in the Bill. The purpose of the amendment was to exempt arrangements such as those of the IGA Food Stores.¹ However, the Association of Canadian Franchisors requested a hearing before your Committee on the basis that the amendment, because of certain defects in the drafting, would not accomplish its purpose. The Association pointed out that IGA retail outlets purchase all of their supplies from IGA. Such supplies include some IGA brand names but also a wide range of other brands which are purchased by IGA from the suppliers of the other brands and then resold to the individual IGA franchises. The argument was made that the use of the word

"obtained" in line 39 on p. 18 without further qualification implies that, to come within the exemption, the products must be obtained from competing sources by the individual IGA franchises. It was suggested that the words "by the grantor or the grantee" be inserted after the word "obtained" for clarification.

Inasmuch as the amendment was designed to exclude franchise arrangements similar to that of IGA, the submission of the Association of Canadian Franchisors cannot be dismissed lightly. It may be that the Commission will interpret the amendment in a manner favorable to this kind of franchise arrangement. At this stage your Committee is not inclined to recommend that passage of the Bill be delayed so that an amendment can be inserted. However, it does recommend to the Government that the submission of the Association be kept under consideration with a view to making a clarifying amendment, if necessary, at the time the Phase II amendments to the Act are introduced.

6. Delay for Institution of Proceedings on Summary Conviction.

The Bill, following amendment in the Commons, has extended the Criminal Code six-month limitation period for institution of summary conviction proceedings to two years. Your Committee had recommended that the limitation period be removed altogether so that the Crown would always be governed by the gravity of the offence rather than time limitations in electing as to whether to proceed by indictment or summary conviction. It may be desirable to retain a limitation on offences tryable only by summary conviction but your Committee continues to believe that the limitation should be removed for offences tryable either by summary conviction or indictment.

There remains to deal with certain recommendations in the Interim Report which have not been reflected in any way in amendments made to the Bill prior to passage by the House of Commons. No one of these alone is of sufficient importance, in your Committee's opinion, to warrant the delay in passage of the Bill which would result if an amendment were made by the Senate. Moreover, the mere fact that they have been highlighted and openly discussed with those who made submissions to your Committee as well as with the Minister and his officials, will in itself serve a useful purpose. Those who submitted briefs may to some extent have had their fears allayed and those responsible for administration of the Act will have gained some insight into the problems created by the apparent overreaching in certain provisions of the Bill. Phase II will undoubtedly raise many of the same issues as the present Bill and it will be possible to develop the precise nature of any required amendments more intelligently in the context of the provisions of both Phase I and Phase II taken together. The items in question are as follows:

1. Your Committee outlined three areas in particular in which it expressed doubts as to the constitutionality of provisions of Bill C-2. Your Committee notes that an Opposition amendment in the Commons making proclamation of certain clauses of the Bill conditional upon a favourable constitutional ruling by the Supreme Court of Canada on reference thereto by the Governor General in Council was ruled out of order

¹ See Commons Debates, October 16, 1975, p. 8278.

by the Speaker of the House of Commons. Without commenting on that ruling, it is obvious that an amendment along similar lines proposed by the Senate would create substantial difficulties. An individual litigant retains the right to test the constitutionality of any provision he desires in the courts and it may be that a court would be able to render a more meaningful decision on a constitutional issue raised in that manner.

2. On the question of the creation of the right of civil damages, your Committee expressed the view that making a conviction a prerequisite would strengthen the constitutional basis for the right. Your Committee was also concerned by the provision allowing the complete record of proceedings in a criminal case to be used in the civil proceedings. Your Committee continues to have doubts as to the justice and workability of this feature which is contained in new subsection 31.1(2), clause 12, p. 12. This is a procedural matter and your Committee will be satisfied if the matter is kept under surveillance to see whether its doubts prove to be well founded.
3. While in agreement with the provision permitting the Crown to seek an interim injunction, even without notice to the other party, to restrain conduct directed toward the commission of an offence under the Act, your Committee's concern was that where such an injunction turned out, on the merits, to be unwarranted, the Crown (as would an ordinary litigant in similar circumstances) should be liable for any damage caused to the party against whom the injunction was obtained. It may be that such liability exists without amendment to the Bill, or that a court would have discretion to impose such liability by making issuance of the injunction conditional upon the Crown executing an undertaking to be liable. Jurisprudence on the subject is not clear where the Crown is the applicant for the injunction and your Committee continues to think that legislative clarification is desirable. However, it may be that the importance of interim injunctions will be even greater with respect to the Phase II amendments to the Act and your Committee therefore agrees that consideration of any amendment may be deferred until that time.
4. Your Committee was concerned that, in the refusal to deal provisions, the Commission will be able to make an order if there is merely "insufficient competition amongst supplier of the product", (paragraph 31.2(1)(b), clause 12, p. 14). Much will depend on the manner in which the Commission interprets the jurisdiction given to it and your Committee is satisfied that this is another area in which any amendment could be developed better in the light of Phase II.
5. Your Committee expressed concern in the Interim Report and this concern was shared by many of those who had occasion to comment on the Bill including members of the Commons Committee on Finance, Trade and Economic Affairs, that the inability to obtain supplies of a particular brand name product might give rise to an order being made by the Commission against the supplier of that product notwith-

standing that identical or functionally similar products produced by other suppliers were available. Your Committee's recommendation that an amendment be made clarifying that the word "product" was used in its generic sense was partially accepted in amendments made in the Commons by the insertion of new subsection 31.2(2), clause 12, p. 14. However, that amendment does provide that where a single brand name product is very dominant, its supplier may be made the subject of an order notwithstanding that similar products are available to the complainant. Your Committee fears that as a result of this provision, an already dominant product could become a virtual monopoly, a condition which is obviously contrary to the objectives of the legislation. It is to be hoped that the Commission will be cognizant of this possibility in its approach to applications under the section.

6. Again in the refusal to deal provisions, your Committee was concerned (new paragraph 31.2(1)(a)) that a person not yet in business at all would be permitted to invoke the refusal to deal provisions in order to force his way into business. Your Committee had and continues to have doubts as to the need for the entire refusal to deal section. However, it appears to be considered important by the Government as a matter of policy and unless the provision is to be deleted in its entirety, it may be preferable to leave it intact. It is to be hoped that the Commission will extend the benefits of the provision to a person not yet in business only with extreme caution.
7. Finally, your Committee expressed doubts as to the sufficiency of the right of appeal from orders of the Commission under section 28 of the *Federal Court Act*. Questions arising under the Commission's reviewable practices jurisdiction are not as likely to produce such purely legal issues as that which arose recently under subsection 10(5) of the Act.¹ In that case a Judge of the Supreme Court of Ontario held, as *persona designata* under the section, that the solicitor client privilege extends, in principle, to the seizure of documents, in the course of an investigation, in the possession of a salaried lawyer employed by the company under investigation. On appeal by the Director under section 28 of the *Federal Court Act*, the Federal Court of Appeal affirmed the decision of the Ontario Judge.

Your Committee has by no means abandoned its recommendation for a wider recourse but nevertheless recognizes the difficulties in giving to an appellate court powers to interfere with questions of fact. It appears that the Commission may receive still further powers pursuant to amendments to be introduced in Phase II at which time the nature of the right of appeal from orders of the Commission will be an even more important topic of consideration.

There is a final matter, not arising out of either of its Reports on the advance study, upon which your Committee considers it should comment. During the debate on the

¹ In re Shell Canada Ltd., 1975, F.C. 184.

report stage of the Bill in the House of Commons, certain amendments increasing the severity of the punishment which may be inflicted by the courts for violation of the offences under the Act were proposed by the Government. Certain subamendments to these amendments were proposed by a member of the Opposition and the Government amendments, as amended by the Opposition member's motion, were adopted by the House. The result is that the punishment provisions of the Act are expressed in an inconsistent manner and it may be that a court would conclude that the intention was to override certain provisions of the Criminal Code which would normally give the court flexibility. These matters were brought to the attention of the Minister when he appeared before your Committee and were discussed with him at some length. The Minister recognized the dangers and he has undertaken to introduce amendments to the end that all punishment provisions of the Act are prescribed in a uniform manner.

Respectfully Submitted,

Salter A. Hayden,
Chairman.

APPENDIX "A" TO REPORT

1. Air Transport Association of Canada.
2. International Air Transport Association.
3. The Winnipeg Commodity Exchange.
4. The National Association of Tobacco & Confectionery Distributors.
5. Association of Canadian Franchisors and Independent Grocers' Alliance.

APPENDIX "B" TO REPORT

Minister
Consumer and Corporate Affairs

The Honourable Salter A. Hayden, Q.C.
The Senate
Ottawa, Ontario

Dear Senator Hayden:

Let me first of all thank you for the time and effort that you have devoted in leading the discussion on the study and examination of Bill C-2, an Act to amend the Combines Investigation Act, by the Senate Committee on Banking, Trade and Commerce.

As I mentioned frequently to you and your colleagues in the Committee, your work was most helpful in revising the legislation and I am looking forward to the same constructive examination and co-operation on Phase II of the revision of competition policy legislation.

On the occasion of our last meeting on Tuesday, December 2, I mentioned to you that I would be willing to undertake to ensure that the proclamation of Bill C-2 as it relates to the application of section 32 to services would be delayed for six months. I also undertook to make certain that in the bill that will be introduced to implement Phase II, there will be a close scrutiny of the penalty provision of the Combines Investigation Act as revised, to make sure that the wording of such penalty provisions are uniform. I would appreciate it if you would communicate to members of the Committee that I have instructed my officials to take all the necessary steps to have these undertakings fulfilled.

Again, please accept my sincere thanks for the patience and effort you and your colleagues have given me in this task. I welcomed the opportunity to appear before the committee and found the discussions most satisfactory.

Yours sincerely,

André Ouellet

House of Commons
Ottawa
K1A 0A6

THE SENATE

Thursday, December 11, 1975

The Senate met at 11 a.m., the Speaker in the Chair.
Prayers.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the name of Mr. Gauthier (Ottawa-Vanier) had been substituted for that of Mr. Lapointe, and that the name of Mr. Alexander had been substituted for that of Mr. Lambert (Edmonton West) on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relation in the Public Service.

BANKRUPTCY AND INSOLVENCY

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE
TABLED AND PRINTED AS AN APPENDIX

Senator Hayden: Honourable senators, I desire to table the report of the Standing Senate Committee on Banking, Trade and Commerce relating to the subject matter of Bill C-60, respecting bankruptcy and insolvency, and I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix to today's Hansard.)

Senator Hayden: Honourable senators, I would ask leave to give a very short explanation of this report.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Hayden: Honourable senators, the procedure in tabling this report is that there is no debate on the report. If one wished to provoke a debate on the report, one would have to call the attention of the Senate to it in the form of an inquiry.

The comments which I should like to make in connection with the report are brief and general. Bill C-60 is intended to replace the Bankruptcy Act, the Companies' Creditors Arrangement Act, and the Farmers' Creditors Arrangement Act. In addition, the Winding-up Act of Canada will no longer be applicable to insolvent companies.

Bill C-60 will bring within its jurisdiction the winding-up of insolvent banks, railways, and loan, trust and insurance companies. It introduces many new terms, concepts and procedures which are a great improvement over the provisions of the present Bankruptcy Act. However, as we discovered in our examination of the subject matter of the bill, and in the hearing of witnesses and submissions, many changes are required in order to reflect a proper balance between the rights of creditors and debtors, and the public interest.

The most innovative provisions of the proposed bill, I think, are those which deal with the rights and priorities of secured creditors, and the additional sanctions which are imposed on officers and directors of bankrupt corporations.

Under the proposed bill, wage earners are given a priority over secured creditors for unpaid wages to a maximum amount of \$2,000. That proposal provoked lengthy discussion in committee, and when the departmental officers appeared before us they expressed support for the suggestion made in committee—and it has been picked up in various submissions—that a preferred way of dealing with this situation would be by means of an insurance fund. They agreed that the financing, particularly of smaller companies, would be seriously interfered with in the case of certain companies that had a large input of labour if wage earners are given priority over secured creditors for unpaid wages to a maximum amount of \$2,000 each. This might cause serious difficulties of financing for these companies. It would also possibly increase the cost of financing.

● (1110)

There were very impractical restrictions on the rights of secured creditors to take possession of, and to realize upon, the assets of the debtor which are held as security for the indebtedness of the bankrupt to the creditor. Many parts of this report deal with that situation.

It must also be remembered that this voluminous report, covering 102 pages, has to deal with a bill containing 410 clauses and a number of schedules. During the hearings the departmental officers, as the record shows, supported many of the submissions made to the committee and many of the views expressed by the committee.

One of the things I should draw your attention to is that the bill does away with the position of registrar. Our report recommends that the position of registrar be reinstated. The bill proposes that there be an administrator, who will be an employee of the government. The registrar has greater independence than that, because he is designated as registrar by the chief justice of the province. He performs a variety of functions, judicial and administrative.

The bill also does away with the bankruptcy judge, as we understand the expression, where the chief justice of the province designates a judge, of the supreme court or the superior court, as the case may be, to hear bankruptcy matters. This gave an expedition to the proceedings; it gave more assurance of continuity in dealing with the problems in bankruptcy.

The report recommends the reinstatement of the registrar, and also that the provision for the designation of a bankruptcy judge be restored. The feeling was that if bankruptcy has to be dealt with in the same way as any other subject is dealt with in the courts, the delays would be more substantial under the bill as it stands. This was not only the opinion of our experts, but was the opinion expressed by the Canadian Bar Association, whom we heard. We also heard from the Institute of Chartered Accountants, the Toronto Board of Trade and the Canadian Bankers' Association. We received quite a cross-section of informed opinion and understanding, as a result of which we have been able to incorporate what we hope will be found to be better provisions.

The minister has assured us that this report will be looked at very carefully. I am satisfied that many of the provisions will find their way into a revised edition of this bill. Bill C-60, which was tabled in the house and not proceeded with, will be revised and introduced at the beginning of the next session. Under the circumstances, I have refrained from going into any particular detail as to the contents of the report.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Smith (Queens-Shelburne) be substituted for that of the Honourable Senator Cook on the list of senators serving on the Special Joint Committee on Employer-Employee Relations in the Public Service; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

POST OFFICE

OPINION OF ANTI-INFLATION BOARD RE SETTLEMENT WITH CANADIAN UNION OF POSTAL WORKERS—QUESTION AND ANSWER

Senator Flynn: Honourable senators, I would inquire of the Leader of the Government whether he has any comment on the opinion expressed—I do not think it is a decision—by the Anti-Inflation Board on the agreement with the postal workers?

Senator Perrault: Honourable senators, this question was directed to me yesterday as well. I can confirm that the Anti-Inflation Board has given its opinion that the pay award proposed by the federal government for the inside workers of the Post Office exceeds the guidelines. The board has decided that the agreement is too high in regard to the standards which have been established for the board to implement or to advise on. However, the matter is one for Cabinet discussion. I can inform the house that the report prepared by Mr. Jean-Luc Pepin, the head of the Anti-Inflation Board, has now been placed before Cabinet. It is hoped that before the day is out Cabinet will have made a decision on the matter. It is true, as the Honourable Leader of the Opposition suggested yesterday, that cabinet does have the power to reject the advice which had been tendered by the Anti-Inflation Board regarding this matter. No decision, however, has been taken as yet.

● (1120)

FOREIGN AFFAIRS

AID TO CHILE—QUESTION ANSWERED

Senator Perrault: Honourable senators, on Thursday, November 20, Senator Forsey asked the following question:

Is Canada now providing any aid, direct or indirect, to Chile, by grants, loans, re-scheduling of debts, technical assistance or otherwise?

If so, what are the terms of such aid or assistance?

Honourable senators, in response to that question of Senator Forsey's regarding Canadian government aid to Chile, I am informed that Canada has not provided government-to-government aid to Chile during the last two years. At the same time, some humanitarian assistance has been channelled through the Canadian Embassy in Chile to projects of the Peace Committee, an organization sponsored by the Roman Catholic Church in Chile, and perhaps other church organizations.

In May of this year seven members of the Paris Club, including Canada, agreed on general terms for a multilateral re-scheduling of the greater portion of Chile's external debt falling due in 1975. Since that time Canada and Chile have reached agreement on outstanding bilateral issues involved in this exercise. Canada previously participated in the Paris Club's re-scheduling of Chilean debt falling due in 1974. The Canadian government views the Paris Club as a technical forum for the discussion of problems of commercial debt. It participated in debt re-scheduling exercises involving Chile pursuant to recommendations by the International Monetary Fund that a debt re-scheduling was justified.

It should be noted that all of Chile's debt thus far affected involved the repayment of credits provided by the Export Development Corporation on commercial terms and re-scheduled on a commercial basis. No aid component was involved in this process.

COMBINES INVESTIGATION ACT

BILL TO AMEND AND TO REPEAL—THIRD READING

Senator Cook moved the third reading of Bill C-2, to amend the Combines Investigation Act and the Bank Act and to repeal an act to amend an act to amend the Combines Investigation Act and the Criminal Code.

The Hon. the Speaker: It is moved by the Honourable Senator Cook, seconded by the Honourable Senator Cameron, that this bill be now read the third time.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: Honourable senators, I wish to say just a few words. As you know, the subject matter of this bill was referred to the Standing Senate Committee on Banking, Trade and Commerce before the bill was passed in the House of Commons. When the Senate received the bill it was referred to our Banking, Trade and Commerce Committee, and the report of that committee was submitted yesterday.

In my opinion improvements were made to the bill in the other place, most of which resulted from the report of our committee on its study of the subject matter of the bill. When the committee then received the bill as passed by the House of Commons, it had to consider certain problems which the chairman of the committee mentioned yesterday when he was presenting his report. Despite those problems, I wish to say that I am in agreement with passing this bill now, because of the assurances we have had from the minister that many of the doubts voiced by our committee would form the subject of amendments when phase two of the bill is introduced.

There are other points about which I have reservations; however, we will see how they turn out. I am referring principally to the creation of a civil remedy under this legislation, which I think may be beyond the jurisdiction of Parliament. The fact that this right of action has to go before the Federal Court is another constitutional problem which may create other problems in the future; but it would not have been helpful to try to find solutions to these questions at this time.

On the whole I think the Senate has made an excellent contribution to this important piece of legislation. It will be called upon to do the same thing when the subsequent bill dealing with phase two comes before Parliament.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

NORTHLAND BANK—SECOND READING

Hon. Donald Cameron moved the second reading of Bill C-1002, to incorporate the Northland Bank.

[Senator Perrault.]

He said: Honourable senators, I am happy to have the privilege of putting this motion today. In doing so I am carried back a number of years when I was an officer of the United Farmers of Alberta, in which capacity I used to attend their annual conventions. Some of the sessions at those conventions were pretty lively, and one of the perennial topics was the development of a western bank. At that time I little thought that one day I would have the privilege of standing up in the Parliament of Canada to propose the establishment of such a new Canadian bank. I would like to say that the fact that I am in a position to propose the establishment of a new western bank today in no way reflects on the excellent service contributed by the existing chartered banks of Canada.

I think it is evidence of the burgeoning growth of Alberta and Western Canada as a whole that there is a widespread feeling that there is a place for another western financial institution. Originally it was intended that my colleague from Edmonton, Senator Prowse, would introduce this bill, but regrettably, due to his illness, he is unable to do so.

The concept of a regional bank in the western provinces is not new. The proposed Northland Bank is the latest of a long series of proposals that have been made since the 1900s to the effect that some financial institutions should have their main roots in Western Canada. This proposal today is the result of the considered judgment of a number of very responsible and well-known business leaders in the four western provinces.

• (1130)

The feeling has developed that there is a place for a new financial institution which will have its roots in Western Canada and which will be charged with the responsibility of assisting in the provision of credit, financial advice and other money-related services. This feeling has been confirmed by a number of commissions and has been strongly supported over the years by the western cooperative organizations whose memberships represent about one and a half million western Canadians.

Northland Bank—Norbanque en français—will locate its head office in Winnipeg and its executive offices in Calgary. Offices will concurrently be opened in Regina and Edmonton. At the moment there are firm commitments to subscriptions for more than 50 per cent of the opening paid-up capital of \$10 million required to capitalize the bank initially. The bank, through its personnel, will stress imaginative and innovative methods of providing finance to an expanding economy while maintaining the highest standards of accepted banking practices.

The provisional directors of this proposed Northland Bank are well-known western businessmen, many of whom are known to me personally. I am sure they are known to many of my colleagues in the Senate. I shall just go over the names quickly: Ronald Thomas Curtis, Winnipeg; Henry George deCuyper, Winnipeg; Richard Earl Foster, Saskatoon; Donald Victor Larson, Winnipeg; Philip Duncan Sampson, Regina; Alan William Scarth, Winnipeg; Gordon Maxwell Sinclair, Saskatoon; George Robert

Viereck, Prince Rupert; Robert Alan Willson, Calgary; and Hugh Malcolm Wilson, Calgary.

All directors are Canadian citizens and are committed to subscribing for shareholdings in accordance with the requirements of the Bank Act.

Senator Asselin: All millionaires.

Senator Cameron: Honourable senators, it gives me a great deal of pleasure to move second reading of this bill. It is to be hoped that if it receives the approval of Parliament it will lead to the establishment of a new western financial institution, one staffed and officered by people who are executing roles of prominence in the western business community. I commend this bill to your favourable consideration.

Hon. Allister Grosart: Honourable senators, we on this side have no objection to this bill being given second reading today so that it can go to committee. Senator Cameron, after inquiring as to who might speak on the bill on this side, was good enough to introduce me to the two chief officers of the corporation, Mr. Hugh Wilson, the President and Chief Executive Officer, and Mr. Robert Willson, Chairman of the Board.

The impression I received was that these are two gentlemen with wide business experience and that there is a partial connection between the petition before us and the cooperative movement, especially that aspect of it which we know as a credit union or a *caisse populaire*. I say that because it seems to me—I do not believe that Senator Cameron mentioned it—that this is one of the reasons we can regard this as a special application for a special kind of bank. We had a similar application passed a short while ago for another special kind of bank, termed a wholesale bank. The impression I received from my conversations with these two gentlemen is that this bank will obtain most of its immediate financial support, as required by the Bank Act, from those interested particularly in the credit union movement. In my opinion, this is a special advantage, an indication that this bank will start with the kind of support from an important part of the business community that should assure its success. That is important, because we do know that of some banks which have recently commenced business in Canada at least one appears to be having difficulties. We also know of one in Western Canada whose difficulties proved to be insurmountable. I therefore welcome the fact that the Northland Bank, when it is constituted, will have this special type of support.

The development of a banking facility in and for, but not necessarily exclusively for, the cooperative movement is very much in line with the development of the whole cooperative movement over the years. The cooperative movement has, in effect, its own trust companies and *caisses populaires*, organized on an escalating basis from the locals through to the provincial and the national levels. Therefore, one would hope that the prospects of this bank for success are excellent.

I understand that the petition has been examined carefully by the appropriate authorities, and presumably they will indicate to the committee that they see no objection to

the establishment of this bank. I congratulate Senator Cameron on presenting this petition. I am told that one of the senior officers succeeded Senator Cameron in the distinguished role which he occupied for so many years as the Director of the Banff School of Advanced Business Management.

Hon. Hazen Argue: Honourable senators, I should like to add my voice to those who have welcomed this bill for second reading. Senator Cameron and Senator Grosart have said that this is a specialized bank to be established in Western Canada to carry on, at least initially, a specialized business. Out in Western Canada we have a very strong, virile, cooperative movement, which is a major factor, if not the most important factor, in grain marketing and retailing products to farmers, in the main, and also to city people. The credit union facilities are extensive and second to none. As I see it, this is a method to catch up the money in the hands of the credit unions, the financial institutions and the federated cooperatives, the Canadian Co-operative Implements Limited, and so on. The population of the three Prairie provinces is approximately four million, and it has been stated in evidence that the cooperative movement has approximately 1,500,000 members, whose organizations will be playing a part in this new bank. Cooperatives today are big business. They are big business in Western Canada and in other parts of this country. They are 100 per cent Canadian-owned and to my mind that is important. They are controlled on the basis of one vote for each shareholder, no matter whether a shareholder has more than one share. So the whole basis of the cooperative movement is democratic.

● (1140)

The cooperative movement in my province is very large, and has had the support of the major political parties; so much so that at a convention of the provincial Liberal Party last weekend there appeared an important person, the head of a section of the cooperative movement, to explain to the party some of the workings of the movement.

Senator Flynn: Did they understand?

Senator Argue: I was delighted that a similar convention was held simultaneously by the Conservative Party in that province, and it too had a distinguished representative of the cooperative movement inform those present of the work and value of the cooperatives in Western Canada.

Senator Flynn: What about the Social Credit Party?

Senator Argue: Credit unions have pioneered in many ways in the financial field in Western Canada. They have provided credit for local people—credit which, in many instances, is far easier to obtain, is less onerous by way of interest, and carries with it many advantages compared with those of normal banking or credit institutions.

It is possible in Western Canada for a farmer in good standing to go into a credit union office and ask for a large sum of money to purchase land, and for the loan to be granted him within 24 hours. The service is quick, excellent, and losses are almost unknown.

The credit union, among other things, pioneered life-insured loans and provided a lead for the banks to follow. The vast majority of adult persons in the three Prairie provinces are members of one or more cooperatives.

Senator Lang: Honourable senators, on a point of order, may I follow the Speaker's example by reminding the honourable senator, as he has reminded others on occasion, that the subject before us is hardly consistent with the remarks he is making.

Senator Argue: I would have thought that I was very much in order. The proposed new bank is composed of the major cooperatives on the Prairies. I was pointing out the excellent work they have done, and how they have pioneered in many fields. I was trying to bring to the attention of honourable senators, including Senator Lang, how innovative they have been in so many ways.

When the Northland Bank is established—it being something of a wholesale bank, geared initially, at any rate, to the needs of the cooperatives in Western Canada—I believe it will demonstrate to the chartered banks across Canada, and the great industrialists of this country, that the cooperative movement is big, democratic and, in my judgment, one of the best possible forms of free enterprise.

I am pleased to support the motion.

Hon. W. M. Benidickson: Honourable senators, I did not quite understand the point of order raised by my honourable friend, Senator Lang.

Senator Flynn: It has been disposed of.

Senator Benidickson: I believe I have the right to make a comment in this debate on the motion for second reading of a bill to incorporate the Northland Bank, which bill I assume will be referred to the Standing Senate Committee on Banking, Trade and Commerce.

I have a background in connection with this matter, but only over the past week or so. The secretary of my brother-in-law, who happens to be a minister from a Prairie province, asked me to receive the people who were endeavouring to incorporate this bank. I asked why.

Senator Flynn: Why not?

Senator Benidickson: As a political leader in his province, my brother-in-law felt that this house was going to have its turn at examining this bill, and he wanted some guidelines on our procedures.

I said that I was not a member of the Banking, Trade and Commerce Committee, but, yet, in a 'nitwitty' way I had got myself involved in the request for incorporation of another bank last week. I suggested that that perhaps was why they came to see me in regard to the incorporation of banks, and the seeking of approval of the two Houses of Parliament.

I received those gentlemen and was delighted to find that one of them was Mr. Willson who, I believe, is the newly elected chairman of the board of one of Senator Cameron's very worthwhile enterprises, namely, the School of Advanced Business Management in Alberta. I said to him, "I do not think I should offer any recommen-

[Senator Argue.]

dation to any member of the Banking, Trade and Commerce Committee. You could not find a better man to speak for Western Canada in this connection than Senator Prowse or Senator Cameron. I do not know why you would not anticipate from the Senate the utmost cooperation. Personally, I have been a great believer in providing all possible competition in almost any field, particularly the field of banking."

I told him that I welcomed, as what is loosely described in this country as an ethic, the incorporation of the Unity Bank, which had a certain appeal to customers, backers and others who did not belong to traditional financial establishments in this country. I also told him that since the incorporation of that bank I had read with regret about some hardships it had encountered.

Possibly that is not too pertinent, and I may be taking up the time of honourable senators, but I simply wish to say that I recall a few weeks ago, when IAC wanted to translate itself into the Continental Bank of Canada, that two or three members of the Banking, Trade and Commerce Committee very commendably and properly, in my opinion, disclosed the fact that they were directors of long-established corporate banks, and said that they personally welcomed competition in this field. To me, competition is the essence of being a Liberal politician.

● (1150)

Senator Flynn: "Liberal" with a small "l"?

Senator Benidickson: When I was told that the investors in, and supporters of, this bank would be very successful cooperatives, and agricultural and other enterprises, of Western Canada, I felt, contrary to the unfortunate experience of the Unity Bank, that this would be a viable endeavour. Because of the tremendously successful financial record of these agencies, the cooperatives and merchandising agencies, and in view of the known resources behind them, I felt this was a viable proposition, and I wished them well.

That is the reason I am now participating in this debate. My introduction to this proposal—and this illustrates the vagaries of politics—came from a secretary of my brother-in-law, who used to be a director of one of the chartered banks. This individual, because of his interest in seeing an advance in the commercial importance of Western Canada in the financial field, sought, through me, an introduction to some members of the Banking, Trade and Commerce Committee. I referred him to Senator Cameron, telling him that he could not have a better sponsor for this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Cameron moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

SUSPENSION OF RULE 95

Senator Cameron: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That rule 95 be suspended with respect to the Bill C-1002, intituled: "An Act to incorporate the Northland Bank."

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

Senator Langlois: Honourable senators, I wish to announce, on behalf of the Chairman of the Banking, Trade and Commerce Committee, that the committee will meet immediately in Room 256-S to consider Bill C-1002, to incorporate the Northland Bank.

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Alan A. Macnaughton moved the second reading of Bill C-74, to amend the Regional Development Incentives Act.

He said: Honourable senators, this bill consists of a page and a half and, by way of text, four paragraphs. Actually, the essence or thrust of the bill is to extend the existing act for a period of five years.

Although the present act does not expire until December 31, 1976, applicants with accepted offers must be in commercial production by that date in order to receive incentives grants. This bill, then, would extend that commercial production deadline to December 31, 1981. It does not incorporate any other changes. However, I thought a short explanation for the benefit of the house, and also for the record, should be given.

As honourable senators are well aware, the Regional Development Incentives Act received royal assent in 1969, the same year that the Department of Regional Economic Expansion was set up. Since that time, it has been an important element in the federal government's regional development policy.

While I am sure that most of you are familiar with the broad provisions of the Regional Development Incentives Act, I will mention a few salient features of the current program. Incentives are aimed at producing new, more rewarding and more stable jobs, and at reinforcing existing employment opportunities in slow-growth regions. Incentives are offered to firms to select locations in the designated regions rather than elsewhere. The act is also aimed at encouraging expansion and the modernization of existing facilities which would not otherwise be carried out because of a lower return on investment, and to encourage larger and better facilities to be built than would otherwise be the case.

Incentives under the act, which may take the form of grants, or repayable grants, or loan guarantees, are designed to encourage investment and employment in slow-growth regions. More specifically, they are designed

to encourage companies to establish new facilities and to expand or modernize existing facilities in the manufacturing and processing industries within those regions. The purpose, of course, is to reduce, over a period of time, regional disparities and to achieve more balanced economic growth across Canada.

Some of the results are as follows: As of last August, the latest period for which complete program statistics are available, the Regional Development Incentives Act had helped to stimulate some \$2.4 billion in capital investment in the slow-growth regions of Canada, which investment is expected to create about 122,000 direct new jobs. To this end, some \$507 million in grant offers have been accepted since the inception of the program. However, as a result of a major policy review undertaken by the department in 1973 certain changes were made in the regulations governing the administration of the act. On the whole, these changes were designed to improve the decision-making process on smaller cases, and to establish an administrative framework consistent with the decentralized mode in which the department now operates. These changes have led to a more smoothly functioning program, one that works effectively in concert with other elements of the department's policy.

● (1200)

The incentives program is seen as an integral part of the government's total approach to regional development, and an important element of that approach is the General Development Agreement which the department has now signed with every province except Prince Edward Island, which in turn is covered under a similar "Comprehensive Development Plan." These agreements spell out a joint federal-provincial strategy for social and economic development in each region, a strategy aimed at taking advantage of the inherent economic potential of that particular region. In this context, the Regional Development Incentives Act serves to implement industrial development by encouraging particular industries which will support that broad development strategy.

By using the Regional Development Incentives Act in conjunction with the general development agreements, the department has established an effective basis for improving economic and social conditions in Canada's slow growth regions.

As honourable senators will know, there is no conventional wisdom governing the formulation of regional development policy in Canada, but the department has over the nearly seven years since its creation evolved a practical and flexible set of instruments and a policy approach which is suited to the country's needs and economic, social and political realities.

The important part of this approach continues to be the Department of Regional Economic Expansion's program. I trust that the members of this chamber will agree to the extension of the Regional Development Incentives Act in order to ensure uninterrupted operation of the programs.

I will endeavour to answer questions, but, as I said at the beginning, the purpose is to give this act a five-year extension.

On motion of Senator Asselin, debate adjourned.

Senator Langlois: Honourable senators, I suggest that the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately 2 o'clock this afternoon.

The Senate adjourned during pleasure.

At 2.15 p.m. the sitting was resumed.

PRIVATE BILL

NORTHLAND BANK—REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Senator Macnaughton, for Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-1002, to incorporate the Northland Bank, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Macnaughton moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on the supplementary estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1976, which was presented Tuesday, December 9.

Senator Sparrow: Honourable senators, I move that the report be now adopted.

Senator Grosart: Honourable senators, by agreement the acting chairman of the committee is not speaking to the report. I will not speak to it now, but will ask leave to include in my remarks on the appropriation bill those comments I may have made on the report.

Motion agreed to and report adopted.

APPROPRIATION BILL NO. 4, 1975

SECOND READING

Hon. Léopold Langlois moved the second reading of Bill C-79, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1976.

He said: Honourable senators, yesterday I caused two statements to be distributed, in an endeavour to provide you with a better understanding of my introduction to this bill.

The first statement deals with the supply for 1975-76. This statement not only relates to previous bills, but also

[Senator Macnaughton.]

provides an explanation of the present bill. The second is a statement of the total estimates for 1975-76 to date. I hope, as I have said already, that these statements will enable honourable senators to have a better understanding of the remarks which I am about to make.

● (1420)

Honourable senators will recall that royal assent has already been given to two supply bills covering estimates for the current fiscal year. The first provided interim supply for the months of April, May and June; the second, which received royal assent on June 26, 1975, provided full supply for the balance of the main estimates.

Appropriation Bill No. 4, 1975, provides for full supply in respect of supplementary estimates (A), which total \$1.7 billion. These latest estimates consist of approximately \$525 million in statutory items; \$1.127 billion in budgetary items, and \$99 million in non-budgetary authorities. The total estimates tabled to date for the fiscal year 1975-76 consist of budgetary expenditures of \$29.894 billion and non-budgetary expenditures of \$1.442 billion, for a grand total of estimates to date of \$31.336 billion.

Supplementary estimates (A) were referred to the Standing Senate Committee on National Finance on November 13, 1975, and were discussed in committee on November 19, 1975, with the Honourable Jean Chretien, President of the Treasury Board, and again on December 9, 1975, with Mr. John S. Foster, President of Atomic Energy of Canada Limited and his Treasurer, Mr. E. Deslauriers, as well as the Chairman of the Transportation Development Agency of Transport Canada, Mr. Malcolm D. Armstrong, and Mr. Mark Brenkmann. The latter presentation had to do with the STOL program, mention of which was made by one of our colleagues in this chamber recently.

During his appearance before the National Finance Committee, the President of the Treasury Board stated that the size of these estimates reflects, in large part, the cost to the government of protection to Canadians who could not otherwise protect themselves from the continuing burden of inflation. As we are all aware, the government has launched a direct attack on inflation, but it cannot abandon those whose positions have worsened further than was expected in the first half of this fiscal year.

There are also supplementary estimates to cover the inflationary effects on the costs of operating some government programs. Honourable senators will note that there are only two major new programs reflected in these estimates, those being spouses' allowances, amounting to \$45 million, and special employment measures, amounting to \$144 million. The special employment measures program was part of the June budget.

Revisions totalling \$480 million are required to certain statutory payments, such as public debt, \$200 million; hospital insurance and medicare, \$128 million; and payments under the Railway Act, \$85 million.

The major increases in budgetary expenditures for non-budgetary items are: \$385 million to subsidize consumer prices for petroleum products which, as we all know, is due

in part to the increase in the international price of petroleum products in October; \$133 million to cover price and salary increases of National Defence; and \$100 million to increase the contingency vote, to a total of \$220 million. The latter is necessary to ensure that adequate funds are available to meet any salary payments that may arise out of collective bargaining agreements that have been, or may be, settled during the year.

An increase of \$12.5 million is also included in these estimates to cover additional costs of the Student Summer Employment Program.

Events during the fiscal year have also given rise to expenditures beyond those provided in the main estimates. Examples of these would include the cost incurred by the Department of Agriculture because of further outbreaks of brucellosis disease in cattle, and the further costs of assisting Chilean and Vietnamese refugees.

The estimates, as in previous years, seek authority to finance new items through complete or partial offsets in other votes in the same program or programs of a ministry where funds can be made available through the exercise of restraint, or where changing circumstances permit lower expenditures. Items which are completely offset are treated as \$1 votes in order to bring them before Parliament for authorization.

There is a total of thirty \$1 items included in these supplementary estimates. These items consist of the following:

- (a) Fifteen items which authorize transfers from one vote to another;
- (b) Three items which amend the legislative provisions of previous appropriation acts;
- (c) Six items which authorize the payment of grants;
- (d) One item authorizing a financial guarantee;
- (e) Two items which authorize the extension of existing acts to cover circumstances not now covered; and
- (f) Three items which amend acts other than appropriation acts.

Lists of these \$1 items have already been prepared and distributed to the National Finance Committee for their review and consideration.

I shall endeavour to answer the question put to me by the Leader of the Opposition yesterday as to the borrowing authority that does not appear in this bill, as it has appeared for the last 25 or 30 years in supply bills, including the main estimates and interim supply. In the other place, this item, which was included in clause 5 of the supply bill, was struck out by Mr. Speaker after a point of order had been raised by the Honourable Mr. Lambert, an Official Opposition member, followed by other members of the House. I think the position taken by Mr. Knowles on Mr. Lambert's point of order summarized the basis of the Speaker's decision. Perhaps I might be permitted to read from page 9881 of House of Commons *Hansard* for Tuesday, December 9:

MR. KNOWLES (WINNIPEG NORTH CENTRE): I was about to draw to Your Honour's attention Standing Order

58(19) which is very pertinent to this whole situation. It reads as follows:

The concurrence in any estimate or estimates or interim supply shall be an Order of the House to bring in a bill or bills based thereon.

Those are the key words in Standing Order 58(19).

That motion was passed, the motion in the name of the President of the Treasury Board concurring in interim supply. That, therefore, was an order to bring in a bill based thereon. I submit in line with what has been argued by the hon. member for Edmonton West—

That is, Mr. Lambert.

—that the bill that has now been introduced is based in the main on the supplementary estimates that we passed a few moments ago, but that clause 5 of this bill is in no way based on the estimates that we concurred in tonight.

● (1430)

That is the point which was the basis of—and, to my mind, it is the main reason for—Mr. Speaker's ruling, which can be found at page 9883 of *Hansard*:

I would therefore suggest at this stage, when the supply bill is about to go through all stages before this parliament without debate or without amendment, that in my view it can only go forward through that sort of process if clause 5 can be stricken from it.

I hope the Leader of the Opposition understands that this has nothing to do with the position I took in this chamber during a debate which lasted, I believe, from December 13 to December 18, 1974. It was a very interesting debate. I took the position that the borrowing authority was not an appropriation *per se*, and, therefore, need not be covered by a recommendation from His Excellency the Governor General. I was supported in that position by an opinion obtained from the Department of Justice. The decision taken in the other place a few days ago had nothing to do with that position, because it was based essentially on a Standing Order of the House of Commons which, of course, does not apply to this chamber.

I hope the whole question will be reviewed in time to come, so that a happy solution to that problem will be found. I do stress the point that this decision of the other place bears no reflection on the position that I expressed in this chamber last December.

With these comments, I conclude my remarks in commending this supply bill to the favourable consideration of honourable senators.

Hon. Jacques Flynn: Honourable senators, I am not convinced that Senator Langlois should try to justify his position in advance.

Senator Langlois: It is because you asked me to.

Senator Flynn: He might have been in a better position had he waited for me to say something about this problem.

Senator Langlois: You said something a few days ago.

Senator Flynn: I do not share in the sense of infallibility that Senator Langlois has expressed, and the justification he has tried to convey to the Senate with regard to this problem.

He should recall that the main question we discussed on previous occasions was whether or not a supply bill should be referred to the National Finance Committee, when the National Finance Committee had already examined and reported on supplementary or main estimates.

The point I was making last year, to which Senator Langlois has referred, was that the borrowing authority contained in a similar bill was not covered by the estimates. This has been proven by the ruling made by Mr. Speaker in the other place. Mr. Speaker's ruling—and I read it very carefully—is not based solely on the reasons given by Senator Langlois. What Mr. Speaker also said was that a recommendation by the Governor General for supplementary estimates does not *per se* include a recommendation to grant borrowing authority. That was the main reason for his ruling. Secondly, it was based on a standing order of the House of Commons, which has adopted a rule whereby a supply bill will not be debated. They are going to debate the estimates—

Senator Langlois: Or amended.

Senator Flynn: It will not be debated, that is the main point. Amendment is something else. You could vote against a clause, and it would thereby be amended.

First, I say it could not be debated—and I raise the question because of that rule—and, secondly, as I stated—and I believe my stand is still valid today—we had not discussed in the National Finance Committee the borrowing authority which was inserted through the back door by means of an appropriation bill. Of course, Senator Langlois at that time was right in saying that this had been done over the years.

Senator Langlois: Since 1955.

Senator Flynn: What did Mr. Speaker say about that?

There is an historical ground or some justification for including in a supply bill which relates to the main estimates,—

And this applies, of course, to supplementary estimates.

—and even a supply bill that relates to interim supply, a clause which relates to the borrowing power of the government. However, the inclusion of such a clause in a bill for supplementary estimates as in the bill before the House tonight, seems to me to be totally without justification, as I understand the remarks and the stand taken by the President of the Privy Council almost exactly one year ago.

That was indirectly the point I was making. You cannot say that because the National Finance Committee has studied the supplementary estimates or the main estimates or the interim supply bill that it has necessarily discussed and dealt with a clause giving the government authority to borrow \$2 million or \$3 million. In fact, I think it was more than that last year.

Senator Langlois: I think you are right on that. It was more.

[Senator Langlois.]

Senator Flynn: In any event, the figure is not important, but that is why I wanted the Deputy Leader of the Government in the Senate to consider the proposition that an appropriation bill, if it includes something other than the estimates, is not necessarily the same thing as the estimates themselves. I think I have been proven right here, and of course Senator Langlois was right in calling on historical grounds or practice over the years to justify his position in refusing to send the bill to the National Finance Committee. But I say to him that if he had agreed to do that and we had done it last year, we might have clarified the situation and we might have made the point before the House of Commons.

I certainly cannot see Senator Langlois taking the same position in the future, namely, that a supply bill in itself cannot be discussed or should not be referred to a committee, especially the National Finance Committee.

But I had other reasons for asking Senator Langlois to refer the supply bill to the committee than simply to go over the discussion concerning the estimates themselves. I was concerned with the form of the bill. Indeed, on the previous occasion I mentioned several cases, and I wish to come back to at least one now. Those senators who recall the discussion we had at that time will know that I discussed the provision contained in paragraph (2) of clause 3 of the bill, which reads as follows:

The provisions of each item in the Schedule shall be deemed to have been enacted by Parliament on the 1st day of April, 1975.

What I wanted to know then was what that meant in practice. I suggest that clause 3(2) means that by approving this bill we are approving any expenditures made by the government prior to the adoption of this bill with respect to any of the estimates approved by this bill. To me that is not a good thing to do, because after all, in effect, we are absolving the government from having done something before it had any authority to do it.

● (1440)

I wanted this matter to be raised in committee at the same time as the clause concerning the borrowing authority, which was a very important matter. If we had done this last year in respect to borrowing authority, we might have helped the house to make the decision before it actually did; but again I say to the Honourable the Deputy Leader of the Government that a supply bill does not necessarily represent the same problem as the estimates, supplementary, main, or interim supply, and that it is not an argument to say to the Senate, "The Standing Senate Committee on National Finance has studied this, and therefore the bill should not be referred to committee." I hope that in the future, if there is some justification for a supply bill, as distinct from the estimates themselves being referred to the National Finance Committee, we will not meet with the same opposition.

It may be that at that time Senator Langlois had realized, or someone from the other place had told him, that it was a somewhat dangerous or delicate point to raise and that therefore it would have been a bad thing if the Standing Senate Committee on National Finance had proven the government's practice to be wrong. But I think

this is something that we ought to do, and something that we would be praised for having done before the other place did it.

In any event, I say to the deputy leader that because in this bill the former clause 5, dealing with borrowing authority, was struck out, when the government brings in a separate bill the object of which is to obtain this power from Parliament, perhaps the National Finance Committee will be able to deal with it in a more appropriate way. The last time we granted this borrowing authority we had no way of arranging for officials of the Department of Finance, or any other department, to come and explain what exactly the problem was. Of course we were given the same general reasons for it that were given in the House of Commons, but we could not go very far because of the refusal of the deputy leader to send the bill to committee.

With regard to this appropriation bill, I want to draw to the attention of honourable senators the fact that we have here a sum of \$1.7 billion to add to the expenditures of the government during the fiscal year. This proves that the program of restraint put forward by the government has not yet led to any restraint on the part of the government itself; indeed, every observer would say that the proposed government cuts are apparently to be very small during the present fiscal year. All we have is the assurance of the Minister of Finance, given in committee the other day when we were considering Bill C-73, that all government programs and expenditures are being reviewed, and that when the next budget comes along we will see evidence of the policy of restraint. I have, however, some doubts about whether that will in fact come to pass.

I am not going to go into detail with regard to restraints on government spending. It is very difficult to suggest what cuts should be made, or in what areas. In any event, as general observation about this appropriation bill, I would like to say that it does not prove that the government is really doing anything about carrying out one of the main items of its anti-inflation program, which calls for its own expenditures to be cut and restrained.

I now come to an item which has always amused me, or which, at any rate, amused me the first time I saw it. This item is to be found at the bottom of page 12, and is in connection with Parliament. It is a very interesting item:

5a House of Commons—Program expenditures—To extend the purposes of Parliament Vote 5, Appropriation Act No. 3, 1975, to provide, notwithstanding Section 10 of the Senate and House of Commons Act, for payment to Réal Caouette of an amount based on the annual rates of \$5,300 and \$5,600 for the periods July 8, 1974, to December 31, 1975, and January 1, to March 31, 1976, respectively, throughout which he is a member of the House of Commons and the Leader of the Social Credit Party of Canada, and to provide a further amount of—\$869,826

This is a trivial amount, but it raises a question of principle. We are amending the act concerning the Senate and the House of Commons in order to provide an individual with special treatment. I suggest to you that this is bad. It is a bad thing to amend an act of parliament

just for one individual, because as was explained by Senator Langlois last year, it is only for Mr. Caouette. At that time he said it was only up until March 31, 1975. And now we see it is going on until the end of the fiscal year. I say that this is a very bad practice.

I recognize the electoral value of Mr. Caouette to the Liberal Party. Of course, the Liberal Party should be grateful, because Mr. Caouette's party, when he was really its effective leader, decided to defeat the Diefenbaker government in February 1963. After the ensuing election when there was a slightly different result, and we did not know which of the two main parties would have the support of the house, Mr. Caouette and some of his colleagues indicated that they would support Mr. Pearson, and therefore there was a change of government. Then in 1965 the Liberals thought it would be wise of them to try to wipe out Social Credit, and they practically succeeded as a result of the extraordinary campaign of Mr. Yvon Dupuis which reduced Social Credit representation to about nine. Then came the election of 1968 with the resulting overall majority for the Trudeau administration. But just before the 1968 election, as honourable senators will recall, the Pearson government was defeated on a money bill, a tax bill and—

Senator Perrault: On a technicality.

Senator Flynn: The Leader of the Government says it was a technicality, but if the technicality had been on the other side I wonder what the leader would have said. In any case that is what happened, and Mr. Pearson, after consulting obviously with Mr. Caouette—and it has been said by some people that it was the Honourable Paul Martin who was involved at that time, and I could believe that—decided to come back and ask the House of Commons if it really did mean what it did when it voted against the bill. Mr. Caouette, after some reflection, decided, "No, no, I have changed my mind. I think I would rather have the present government continue in office than have an election."

It was the same thing after the election of 1972. They maintained Mr. Trudeau in office. I remember also that during the election of 1974 Mr. Caouette was saying everywhere throughout Quebec, "Of course, if there is no Social Credit candidate, vote for any other party but the Conservative Party."

So, here we have the result of that assistance on the part of Mr. Caouette to the Liberal Party. It is quite obvious that it was an error on the part of the Liberal Party in 1965 to fight the Social Credit Party in Quebec, because it, and Mr. Caouette in particular, has been its most effective ally in dividing the vote against the Liberal Party in that province. Of course, Mr. Mackenzie King and others have always followed the rule "divide and conquer." We have, as a result, legislation dealing with one person—legislation amending an act of Parliament for one person—Mr. Réal Caouette, but only for as long as he remains the leader of the Social Credit Party.

To cover that up, Mr. Caouette has introduced a bill in the other place under which the same treatment would apply to any other leader of the Social Credit Party, whatever representation it has in the house, for historical rea-

sons. Well, "historical reasons," of course, include the services rendered to the Liberal Party, and we might possibly be faced with such legislation eventually. In any event, I object strongly to such a practice. So far as my other point is concerned, I think my good friend Senator Langlois will be more cooperative if for some good reason we wish the supply bill as such referred to a committee of this house, namely, the Standing Senate Committee on National Finance. I am quite sure that at this time, the main problem having been removed by the decision of the Speaker of the House of Commons, we do not need to refer the present bill to that committee. In my opinion, however, we will eventually receive an answer to my question concerning clause 3(2).

Hon. Allister Grosart: Honourable senators, at the stage of our consideration of the report of the Standing Senate Committee on National Finance I said that I would make some comments at this time which would, to some extent, include what I would have said then.

We have before us, of course, an appropriation bill which is based on the same set of facts as contained in the supplementary estimates which were before us. My remarks now with respect to the situation that has developed should not in any way be regarded as criticism of the deputy chairman of the Standing Senate Committee on National Finance. However, I think an explanation should be made as to why the Leader of the Opposition quite properly refused leave when the deputy chairman of that committee sought to move the adoption of the report on its presentation in this chamber. The reason we on this side objected was, of course, that at that time that report had not been seen by any member of the committee, other than the deputy chairman, nor by any other member of the Senate. Therefore, in our view it would have been improper to proceed and move the adoption of a report which even members of the committee had not seen.

I have said that this is not a criticism of the deputy chairman, because this is a practice which has developed, to some extent. It is a matter of one bad habit following another. It is the old story of not following our rules. We get an exemption from the rules, and then it is extended and used as a precedent, causing one bad habit to follow another. This is what has happened in this case, but other circumstances were involved at the time.

One problem was that the committee did not have permission from the Senate to sit after 11 a.m., when the Senate was called, and so on. However, in my opinion, it is important to call attention to our rules in this respect. They differentiate very clearly between reports of committees which are not reports on bills, and reports of committees which are reports on bills.

● (1450)

The report of the National Finance Committee falls, of course, into the first category. It is a report, I take it, under rule 78(3), a report which is for the information of the Senate only, and for no other purpose. That, I take it, is the category into which this report falls. Therefore, under our rules, such a report can be laid on the Table, and that is all

[Senator Flynn.]

there is to it. There is no rule allowing a motion for its adoption. But, alternatively, it may, by motion, be placed on the Orders of the Day for future consideration. That, of course, is what is normally done.

Senator Benidickson: That was done in this case, fortunately.

Senator Grosart: Senator Benidickson said it was not done in this case—

Senator Benidickson: It was done in this case, fortunately.

Senator Grosart: Yes, but after we on this side of the house had refused to give leave for its adoption. The acting chairman quite properly took the next step, under rule 78(3), and moved that it be placed on the Orders of the Day for consideration at a later date.

This very fact brings up the bad situation we are in. I did not speak on the report a few minutes ago, because we are in the absurd position of having a debate on a motion for the adoption of the report at the same time that we have the appropriation bill before us.

I raise the point because in conversations with the acting chairman I have been led to believe that he is fully aware of the situation, and has every intention of avoiding it in the future. That means, I hope, that the National Finance Committee will meet to consider the supplementary estimates as soon as they are referred by the Senate. The long delays which have taken place between the referral and the meeting of the committee is part of the problem, and I am sure all honourable senators will agree that it is highly desirable that we have the report of the National Finance Committee well ahead of the time that the appropriation bill comes to us.

I re-emphasize that in making these remarks I am not suggesting any criticism of the acting chairman who, in the absence of the chairman from a few recent meetings, did an excellent job, guided our proceedings well, and has, indeed, presented us with what I regard as an excellent report. I have no objection in principle to the report—it is a good report, in my view—but I should like, if I may, to make a few comments on some of the items that appear in the appropriation bill now before us.

First, I should like to thank Senator Langlois not only for his usual excellent presentation, but for supporting me as thoroughly as he did in the position I took when we were considering the rules. It is not a good rule that provides it is not permissible for a senator to quote from *Hansard* of the other place, except remarks of a minister. He read at length from a speech of a member of the other place, as reported in *Hansard*, and that would normally be a violation of our rules.

I was glad to hear him do that, because I objected to that rule when the committee was considering a revision of the rules, and said that no doubt we would continue to pay no attention whatsoever to it, even if it is incorporated in the revised rules.

To be fair, Senator Flynn did not go that far. He quoted the Speaker. That might very well come within the spirit of a definition of "a minister." However, I thank him also

for his support, and all honourable senators who in future will continue to pay no attention whatsoever to this rule.

Senator Flynn: We will redraft it.

Senator Grosart: As the Leader of the Opposition pointed out, we are dealing here with a total of \$1.7 billion in budgetary expenditures—that is to say, statutory items, items to be voted and non-budgetary items.

Our report, if I might refer to it, speaks somewhat favourably of this. It says that, after all, it is much less than the total of the supplementaries last year, which amounted to about \$5 billion. This year the total is only \$1.7 billion. The report suggests that this might be a change for which we should compliment the government.

We are told also, of course, that the total of the supplementaries is likely to be about \$2.5 billion. I am not so sure that we should be too congratulatory of the government on that score. It is true that it is about half the figure for last year, but, on the other hand, the \$2.5 billion will still be higher than any previous year other than last year, and the \$1.7 billion in supplementary estimates (A) will be greater than the total of all supplementaries in any recent year with the exception of one.

Therefore, I agree with the Leader of the Opposition that this is, rather, an indication that the government has not been very successful in carrying out its many-times-stated intention of holding down government expenditures, because we are again at the highest spending level in history.

In committee we heard from the President of the Treasury Board that it is now government policy—this is referred to in the report—to keep down, to restrain, increases in federal government expenditures, and hopefully expenditures at all levels of government, to a percentage increase less than the percentage increase in the gross national product. This was suggested in the White Paper, and, in answer to a question in committee, the President of the Treasury Board confirmed it as current federal government policy.

Well, to be fair, the President of the Treasury Board did not say that it would refer to this year's expenditures which we are now discussing, but it is not very encouraging to have the President of the Treasury Board say, "I am really going to hold the increase in these expenditures down to 15 per cent or 16 per cent," when, of course, the GNP is not rising at anything like that rate.

When we on this side of the house suggest cuts in expenditures, the Leader of the Government says, "Tell us what expenditures you would cut?" That is a very good question, and we have the answer. The President of the Treasury Board, less than a year ago, came before the committee and, with a great sounding of trumpets, said, "We are cutting \$1 billion, and here are the cuts". He gave them to us, and said, "One billion dollars." So any time the Leader of the Government wishes to ask that question, I will say, "Go and ask Mr. Chretien, because he has the answer."

It may not always be a completely acceptable answer. For example, the report deals with some of the \$1 items

which we have in the bill before us. Honourable senators are well aware of the background of the \$1 items. They are items which, as the Deputy Leader of the Government said, are used for various purposes, including amendment of statutes. One of the purposes to which they are put—and there are usually a number of items in this category—is the transfer of funds. These are the items described under "A" in the summary that was given to us, as follows:

● (1500)

One Dollar items which authorize transfers from one vote to another—15 items.

This is just half the total of \$1 items.

We did look at these transfers and asked questions about them. Of course, they are given to us to indicate that the government is really saving money, whereas actually the vast majority of these transfers do not save a cent. Although the source of funds is not explained in the bill that is before us, it is explained in the estimates, and it is in the estimates that we find what is being done with these transfers, which account for half of the total of the \$1 items. The government has apparently decided at various times to find some money for a new expenditure it felt was necessary. As we look down the list, the estimates tell us exactly where that money was found, and the \$1 item is to cover the transfer of \$1 million, \$2 million, \$5 million, or whatever the amount is. The explanation given is that such and such a project has been delayed—deferred, in most cases. Of course, that money is going to be spent. They are talking about items which have been approved by Parliament. If anyone cares to look at those 15 items, he will see that they are all going to be proceeded with. All the government is doing is deferring expenditures, not eliminating them, and as anyone who has had to deal with a household budget, or any other kind of budget, realizes, there is a vast difference between saving money by not spending it and appearing to save money by deferring the expenditure for a period of time.

Senator Flynn: And using it for something else.

Senator Grosart: The Leader of the Opposition adds, "And using it for something else." That, of course, raises another question. In the estimates we are told, as I indicated, the source of these funds. We are told what the transfer is. However, the bill before us does not actually authorize that transfer. It authorizes an expenditure, but not specifically the transfer. This raises a question as to the propriety of an executive decision not to go ahead with a decision of Parliament, and its effect on those who may have expected the project in question to proceed. I will not belabour the point. I raise it only to indicate that even the very large amount of \$1.7 billion which we are asked to approve today is not actually the total amount that will be spent under the terms of this and other related acts—and there are other reasons for that which I will not go into now.

One aspect of the total that concerned us, of course, was the effect of these very high expenditures on the public debt. It is an extraordinary thing that we have not been able to get an estimate of what the total increase in the

public debt is going to be this year. There was a figure in the original budget, Mr. Turner's budget, of \$5.3 billion. Every estimate I have seen, however, indicates that it will be well over \$7 billion, and almost certainly \$8 billion. That is the kind of effect that I think we have to be concerned with.

As a result of our questioning in this regard, we found that our total debt is now something in the order of \$780 million, and the cost of servicing that debt is increasing at a very great rate. The servicing cost of issuing some new loans is \$8.5 million—that is just the cost of servicing these new loans—but it is interesting to look at the interest rates that the government is being charged. On this score, on a superficial examination, the record is not too bad. In 1971 the average interest rate on the various instruments the government uses to borrow money—such as the Canada pension fund, Canada savings bonds and treasury bills—was 6.03 per cent. According to the response from Treasury Board to one of our questions, we find that rate is now 7.24 per cent, which is not an unconscionable increase.

There is an item in supplementary estimates (A) of particular interest to some senators—and especially, I would think, to Senator Lamontagne. I am referring to vote L51a of Energy, Mines and Resources, which reads:

Loans to Atomic Energy of Canada Limited in accordance with terms and conditions approved by the Governor in Council to finance the purchase of heavy water for lease or resale to Canadian and foreign users.

The committee was very interested in that. It appears that we are buying heavy water at one rate and selling it at another, possibly much higher, rate.

We were given an answer by the department which we did not find satisfactory, and requested further information. I am glad to say that the new President of Atomic Energy of Canada Limited, Mr. Foster, appeared before the committee. The meeting was held *in camera*, so I am not authorized to relate, in any great detail, the information he gave at that time. But in that discussion—and I am sure this is not confidential—Mr. Foster highlighted one or two aspects of our whole program in the nuclear reactor field, one of which indicated that, in terms of the percentage of the total of our energy requirements in Canada supplied by nuclear reactors, we are now well up with the rest of the world, and the province of Ontario, due to the use of CANDU reactors by Ontario Hydro, is probably the leader in the world on a comparable population basis. Something in the order of 15 per cent of Ontario's total energy requirements are now being met from nuclear power. It is a remarkable achievement and one from which we can derive some satisfaction.

We were also concerned about the cost of the federal health program, and particularly about those open-ended arrangements under which the federal government undertakes to match the spending by the provinces. What the committee felt should be looked into was the fairness of this type of program in relation to the individual provinces. To some extent, this kind of open-ended program is an incentive to the provinces to expend funds, whether

[Senator Grosart.]

they have the money or not. We asked for the per capita costs to the provinces in respect of the federal health program. We were provided with some very interesting figures. I will not repeat the individual figures, but I ask permission to have this table, which sets out the per capita costs by province, inserted in *Hansard* at this point.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The table follows:)

ESTIMATED PER CAPITA COSTS IN 1974-75 BY PROVINCE FOR
MEDICARE AND HOSPITAL INSURANCE

| Province | Medicare | Hospital Insurance |
|-----------------------|----------|--------------------|
| Newfoundland | \$41.36 | \$146.69 |
| Prince Edward Island | 49.44 | 119.19 |
| Nova Scotia | 56.27 | 153.00 |
| New Brunswick | 43.80 | 154.04 |
| Quebec | 66.50 | 181.62 |
| Ontario | 69.04 | 176.32 |
| Manitoba | 57.41 | 159.75 |
| Saskatchewan | 54.71 | 159.29 |
| Alberta | 61.04 | 173.96 |
| British Columbia | 71.59 | 160.55 |
| Yukon Territory | 68.40 | 103.30 |
| Northwest Territories | 67.48 | 181.22 |
| Canada | 64.92 | 171.91 |

Senator Grosart: The table shows that the per capita cost of medicare ranged all the way from \$71.59 in British Columbia to \$41.36 in Newfoundland. For hospital insurance the per capita costs ranged from \$181.62 in Quebec to \$103.30 in the Yukon Territory.

● (1510)

Finally, we were interested in the provision in the bill for the deficit in what was called the Oil Compensation Program. This is a program of payments in those parts of Canada east of the Ottawa Valley to equalize, as far as possible, the domestic cost of gasoline. It is financed on the one side by the export tax and on the other by the special federal excise tax on gasoline. There is still a deficit in this regard. As the Deputy Leader of the Government has indicated, the minister said it was accounted for largely by the recent increase in OPEC country prices.

What is disappointing is that that program, as originally conceived, was hailed as one whereby there would be a balance, whereby the extra money obtained from these two taxes, export and excise, would compensate for the deficit east of the Ottawa Valley. We were given reason to believe that that was an assurance. It has not happened. It is true that there was an event which should have been anticipated but which had not occurred at the time. However, I suggest that is an indication of the danger we run into when we accept all these reasons for expenditures at their

face value. It is understandable that errors in projections can be made, but a \$385 million shortfall is not just a typographical error in the estimates.

Again, I thank the Deputy Leader of the Government, not only for his usual good explanation but for the papers he has provided us with, which make it so much easier for us on this side to—I was going to say, “understand what he was saying”, but that is not what I mean—understand what the government is saying.

Hon. W. M. Benidickson: Honourable senators, having spoken yesterday I apologize for rising now and taking up more of your time. I was a little late entering the chamber; otherwise I might have had some remarks to make when the report of the Standing Senate Committee on National Finance was presented to us by my esteemed friend Senator Sparrow.

I can make my remarks brief by joining, I think, completely with what was said by Senator Grosart about the meetings and other antecedents of this report. Supplementary Estimates (A) came to us for referral to committee on November 13. On Tuesday, December 9, we were faced with the possibility that some of the “powers that be” here might ask us to abridge our rules again and go ahead and approve the report before those senators not on the committee had had an opportunity to read it. We had only two short meetings, which I think is not too wonderful.

Supplementary Estimates (A) involve \$1.751 billion. I think our meetings occupied two hours on November 19, and an hour and a half on the other day, December 9. On the second day, I think we were assembled in large part because of an interest I expressed in the subject of the STOL aircraft costing, which I have previously raised in this chamber. I was with my colleagues in the Senate sitting all the afternoon of Monday, but I was not present Monday night and was not aware that the committee meeting called for 9.30 a.m. Tuesday had to adjourn within the short period of an hour and a half, so that the members could assemble—this is almost without precedent—in the chamber for a sitting of the Senate at 11 a.m. So there were no replies to the major questions I had in mind and raised before 11 a.m. I will deal with that later.

I think that anything to be said about the report, relevant to the bill before us, has been tactfully said by Senator Langlois. We are concerned about rising costs. In summary, the report shows that in the year 1969-70 the main estimates and supplementary estimates totalled \$12.8 billion. I will not refer to 1975-76, because we have many months to go and might receive some more supplementary estimates. However, let me refer to the previous, completed fiscal year, 1974-75, ending March 31 last. In the short period of time from 1969-70 to 1974-75 total expenditures have risen from \$12.8 billion to \$28.2 billion.

I appreciate Senator Grosart's reference to the respect that we think we got from the President of the Treasury Board on November 19 in committee for our repeated recommendation that federal government expenditures should in some way be related to our gross national product. I am disappointed in the report with respect to the supplementary item for the Department of Energy, Mines and Resources, namely, the rather large supplementary of

\$385 million, which brings the total of expenditures on this item this year to over \$1.7 billion, for compensation to consumers of oil products east of the Ottawa Valley.

I thought I would be able to give you some accurate figures on the actual net cost amount that will be requested from consolidated revenue in connection with this rather new large item in our estimates, which is part and parcel of our total expenditures, about which we receive so much criticism. My recollection is that about three years ago the OPEC countries ganged up—I do not complain about that; they have to look after themselves—and there ensued a large increase in the cost of energy.

● (1520)

In this really serious situation, the federal government, after consultation, negotiated what seems to be a very decent, high-principled, agreement with the provinces. I think, from the point of view of national patriotism and sharing of difficulties and responsibilities, I can assume this. The essence of the agreement re petroleum product pricing was that the Western oil-producing provinces would take less than the market price for selling their petroleum products to their fellow Canadians. It was a considerable and important sacrifice on their part, for which I give them full credit. The federal government would obtain new revenue from the imposition of an export tax.

At any rate, as recently as three years ago we all got the impression that the revenue from this export tax would approximate the Eastern gas cost, or the consumer subsidy for those who bought petroleum products east of the Ottawa Valley. The government is now asking for a supplementary \$385 million.

Our committee, in my opinion, did not properly investigate the actual net cost to the consolidated revenue fund in 1975-76. I cannot tell you what, out of the consolidated revenue fund, the taxpayers of this country are actually paying to citizens residing east of the Ottawa Valley as a result of this agreement. I am not against it, but I am saying that amount for the current year is perhaps tremendous. Do the consumers east of the Ottawa Valley know the cost to other taxpaying Canadians?

I do not believe, when we are criticized for the amount of the total expenditures, that we are getting from our constituents an understanding—I mean an adequate and proper appreciation—of what in essence is a transfer payment. However, there are many other items of a similar transfer category.

I shall try to be brief on this point. I did ask the committee on Tuesday morning, before the meeting had to be abruptly terminated—I do not blame anyone for this—to look at the commitment we were making for what is called the STOL aircraft service between Ottawa and Montreal. I am frank to say the officers of the Crown who appeared before us were exceptionally competent. Their presentation, however, was by means of slides. We were making notes in the dark and, in the circumstances, the notes I made may not be too accurate.

In any event, this is a subsidy for someone's genuine benefit, and the balance sheet may show it to be a worthy one. Respecting STOL we are looking at a special transportation service between the two cities of Ottawa and Montreal. I believe the expenditure commitment has been approximately \$25 million, exclusive of supervisory salaries in the Ministry of Transport, aircraft depreciation, and so on.

In this anti-inflation climate we have to try to save some millions of dollars here and there. The customary whipping boy, Information Canada, involves only \$9 million plus. I think we can certainly do without spending much of that \$9 million if ministers are going to continue to maintain, and even greatly enlarge, their spending on publicity. We cannot attack or curtail expenditures on a picayune basis. We do not know enough about the overall when we devote three hours to \$1.7 billion. Sure, government is too big. We are talking about some \$30 billion, so perhaps my \$25 million on STOL aircraft is peanuts. My old political mentor from northern Ontario was once criticized for his comment, "What's a million?"

Senator Asselin: C. D. Howe.

Senator Benidickson: I suppose there is ample opportunity for many people to say, "What's a billion?" The flippancy is just as wrong.

At any rate, I believe that the Ministry of Transport, which has a very specialized advocacy for this service, should have been questioned. We were cut off at 11 o'clock. These things are new to me. I used to be a parliamentary assistant in the Department of Transport but I am very much out of date.

At any rate, this particular branch of MOT advocating this service can, I presume, be very persuasive. They were very credible the other morning. They started off in 1971-72 with a budget of \$4.7 million, and in the next year it was \$9.8 million, and in 1973-74 it was \$13.2 million.

One of my purposes in asking the committee to sit—although I did not get time to ask the officials—was to consider the relative cost and the relative usage of one kind of transportation over another; for instance, air and ancillary airports versus fast trains. I must disclose that at one time I represented a riding in Canada that had more railway terminals than any other in the country. Perhaps I am a little railway minded. In considering the Mirabel Airport and the Toronto Airport, on which hundreds of millions of dollars were spent for a rather small percentage of air travellers, I wonder if there is proper balance of rationality for this kind of thing, and I hoped to hear about that. I will not pursue this because I am pretty sure that MOT will need more money before long, and will come back to us. I think we will have further estimates soon, and an opportunity to question this.

• (1530)

Along with this you will remember that in the estimates presented in March last year we were asked to vote blindly \$38 million for the entry of the government into aircraft manufacturing. The money was to buy out certain assets of Canadair Limited, a subsidiary of General Dynamics of the United States.

[Senator Benidickson.]

Members of the committee will recall that originally we were never even told that there was an item in the agreement with Canadair which committed the government to not disclosing any of the financial statements that were part and parcel of the option agreement. They just simply said that the Senate was not entitled to look at it.

Some of us took umbrage at that and we adjourned. Officials came back and then presented to the chairman of the committee—something they should have done in the first place—a statement which said that they had promised not to make public the operating statements which were part of the option to purchase.

I realized, of course, that it would not have been proper for the company's competitors and others to see those documents if the option were not exercised. Moreover, the chairman of the committee, Senator Everett, reminded me last Friday that when we stood firm they had presented the agreement, and thus committee members had an opportunity to look at it in his office. But knowing all the leaks of information that occur in this political arena, I chose not to look at the agreement. I had every confidence that I would not be responsible for a leak, but I did not want there to be even a ghost of a chance that such a thing could be blamed on me, and that could not be if I did not look at that improper secrecy pledge respecting a possible payout by the taxpayers of \$38 million.

However, as recently as one week ago, that option was exercised, involving the taxpayers in a payment of \$38 million, at least, in order to get into the aircraft manufacturing business by buying certain assets of Canadair. I should point out that this followed another not inconsequential agreement made two years or more ago, similarly to buy certain assets and get into the aircraft manufacturing business through the de Havilland Company.

Honourable senators, as this option has been consummated and we have not had more than a day or two to even peruse it, may I have your permission to table a copy of the agreement with the official custodian of our records?

The Hon. the Speaker: Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

[Editor's note: See p. 1614 for Senator Benidickson's statement withdrawing his request to table agreement.]

Senator Benidickson: I shall not pursue this matter further except to say that between Canadair and de Havilland we have, with STOL, now gone into the highly risky and highly uncertain realm of aircraft manufacturing.

One fact that did emerge at the meeting on Tuesday morning was that the Cabinet had approved, and had become committed to, the prospective agreement involving all three of these things starting as far back as May 1971. In the light of such a commitment there is a most natural question which I should have liked to ask, but I lost the opportunity when the committee had to adjourn early because the anti-inflation legislation had to be dealt with in the house. But if the members of the National Finance

Committee had been allowed to see the documents at the appropriate time, and I had had the opportunity, this is the question I would have posed to the highly-paid staff of public servants who have been engaged in this field since 1971: If the Dash 7, which de Havilland has had on the manufacturing planning table for the last three years, is such a good aircraft, why do we not have sales contracts yet with anyone anywhere in the world? Why have there been no commitments from anyone anywhere in the world to buy this aircraft?

I read in the press last week that we now have a new world sales force. It may be that it will be better able to sell the aircraft in question, but, whether it does or not, it is almost certain to involve more expenditure of public funds. Can you imagine any private company committing itself to manufacturing aircraft with a minimum investment of almost \$150 million—and it is bound to be far more than that eventually—without, after three years, having even one single order in prospect?

At the first meeting of the National Finance Committee this year I asked a question concerning the concentration of corporate power in relation to expenditures. I thought the matter would be found in the estimates of the Department of Consumer and Corporate Affairs, but I was wrong. You know, it is most difficult for parliamentarians to follow anything any more in this blue book of estimates. It is becoming more obscure from year to year. They are making it harder and harder for parliamentarians to be in a position to ask intelligent questions, and I read in the paper yesterday that that was confirmed by the newest Auditor General. In any event, I was told that the Royal Commission on Corporate Concentration expense was to be found in an item under the Privy Council. It was under the Prime Minister's operation, and it involved something in the order of \$1.3 or \$1.4 billion. I am just guessing at that figure.

Honourable senators, I feel it my duty to refresh your memories as to the initiation of the inquiry of which I gave notice. If you will recall, we had a morning sitting at ten o'clock on March 26. By accident earlier that morning at 1 a.m. I had read in the *Toronto Globe and Mail*, and in the financial pages of the *Montreal Gazette*, about a proposed takeover by Power Corporation of another conglomerate, Argus Corporation. In rather hasty consultation with several of my colleagues who are more knowledgeable than I in business, and with no anti-corporate feeling involved at all, knowing that we were about to recess for Easter, we designed a temporary stop gap in the form of a notice of inquiry which was put on the Order Paper in my name.

I think I should read it. It is in the *Minutes of the Proceedings of the Senate* of our last sitting before Easter, March 26, and reads as follows:

● (1540)

By the Honourable Senator Benidickson, P.C.:

26th March—That he will call the attention of the Senate to a planned takeover bid by Power Corporation of Canada Ltd., of Argus Corporation Ltd., and the advisability of referring the matter to a standing

or special committee of the Senate to ascertain if such a takeover, if successful, would be in the public interest; and generally to inquire into the effect of growing corporate strength vis-à-vis the Canadian consumers resulting from other such takeovers, conglomerate ownerships, mergers, etc.

On that same morning of March 26 I spoke to the Minister of Consumer and Corporate Affairs on this matter, but he did not give me the nod, in favour or otherwise. However, I certainly informed him of what I was doing, because I have very great admiration for him. I think he is a comer in the political field, and I think he is in a good portfolio. If, in addition to his hard organizational work in his riding, and his travels through many of the constituencies of Canada, he looks after the Canadian consumer properly, I think he is the kind of political figure that has a future.

When I came back from the Easter recess, during which I visited Mexico with my good friend, Senator Cameron, I read with considerable pleasure that the Prime Minister himself had appointed a royal commission to deal with these matters. I was truly delighted by this, since I really did not want the Senate to get into this matter unless no one else would take it on, since we have to face the fact that we in the Senate have a reputation for being a little pro-business, having a little pro-corporate strength and power. I did not think that a report of a committee of the Senate on such matters would be the most desirable thing. The commission, I was glad to note, was to be headed by Mr. Robert Bryce, whom I have known for thirty years and for whom I have the greatest esteem. He has been a familiar personage in government activity at the topmost levels for a very long time.

Returning for a moment to March 26, I may say that I simply put the matter on the Order Paper, with one hour to go before the recess, as a holding tactic, and on June 12 I withdrew my Notice of Inquiry, expressing my pleasure at the fact that a royal commission—I think the first one that the present Prime Minister has ever appointed—was going to take on most of the things that aroused my concern. You will find my remarks in the *Debates of the Senate* of June 12, in which I expressed my hopes for the success of this commission and indicated that I had no desire to participate as a member of a Senate committee engaged in this kind of inquiry.

I have here a copy of a minute of a meeting of the Privy Council, dated April 22, 1975, which said that the Privy Council would appoint, under the Inquiries Act, Mr. Bryce and a couple of other gentlemen, whose names meant nothing to me, as a commission to inquire into:

- (a) the nature and role of major concentrations of corporate power in Canada;
- (b) the economic and social implications for the public interest of such concentrations; and
- (c) whether safeguards exist or may be required to protect the public interest in the presence of such concentrations.

There is more, dealing with the terms of reference, but I will spare you the necessity of hearing me read it.

With this arrangement I was perfectly happy, since I thought the Senate should not be involved in it for the reasons I gave. Therefore, I paid no further attention to the matter, since I thought it was in good hands.

I was, however, astounded and shocked when a new book, *The Canadian Establishment*, by Peter Newman was published, in which he points out, to my horror, that one of the members of the commission, whom I did not know and whose antecedents I had never looked up, a Mr. Nadeau, was President of Petrofina Ltd. The chairman of the board of that corporation is now a Mr. Campo, who must be a close associate of Mr. Nadeau. Mr. Campo is also a director of Power Corporation, the mammoth organization that I thought we were going to have a look at.

Senator Thompson invited a large number of us to a lunch not long ago to meet Mr. Campo. He gave a little speech about Canadian citizenship, pointing out how the ethnic groups of consequence in Canada can be a unifying, not a divisive, force in this country. He expressed it in a better way than I have ever heard. I had no prejudice against the gentleman in any way, and I enjoyed the lunch, but unfortunately I did not get the opportunity to tell him about my apprehensions with regard to Mr. Nadeau, and the Royal Commission on Corporate Concentration.

Honourable senators, while it is true that I took this thing rather casually over a period of several months after my notice of inquiry on March 26, I did not take it so casually that I did not go to the first public hearing of the commission which was held here in Ottawa in early November, I believe. Some opening remarks were made by no friends of mine; in fact, my political opponent, a Mr. Lorimer of the NDP, and a Mr. Laver, who presented arguments that were very consequential, worrying and important. At my own expense I bought the stenographic transcript—and they do not come cheap when you buy them from a commercial reporter—of what they had to say, and I sent it to the Minister of Consumer and Corporate Affairs.

I now draw your attention to the fact that others besides myself are exercised about this. As evidence of this, let me refer you to a full page opposite the editorial page of the *Globe and Mail*—which is not a leftist or an anti-corporate newspaper—of November 25, and another on December 8, making people aware of the possibilities—I am not saying that they exist—of the possibilities of serious conflicts of interest.

● (1550)

As to my attendance at the opening meeting of the royal commission, I will make two references. The Chairman, Mr. Bryce, presented as Exhibit No. 9 and Exhibit No. 10 two letters between himself and the Prime Minister. I should say, as a member of the public, that Mr. Bryce was offering to disclose any holdings he had, and so on, that could possibly be suspect as a conflict of interest. The reply of the Prime Minister was to the effect, "I have noted your letter and I thank you for the copy of the complete list of securities you own, and I have no lack of faith in

[Senator Benidickson.]

you."—and as I told you before, honourable senators, I have no lack of faith in Mr. Bryce. But the Prime Minister, as I recall from reading the letters exchanged, went on to say—and I do not know what the follow-up has been—"All right, Mr. Chairman Bryce, you have done that commendably as the chairman, but I think it is your responsibility to ask other members of the commission and senior research and other staff of the commission to do likewise, and report to you, and subsequently, if you see fit, you will report to me." That is my recollection of my reading of Exhibits 9 and 10.

Now, honourable senators, I have not had a conversation with Mr. Bryce or anybody important about it since, but I simply want to say that as these opportunities come most appropriately in the numerous items involved in supplementary estimates, it seems to me to be my best chance before Christmas of expressing to you my disappointment in that what thought I was launching in March, and which I explained in June—a healthy inquiry—has not come to pass, and I am sad. I do not feel that the commission is adequately representative of, for example, consumer interests, labour interests and so on. It is a commission of three members, two of whom can be said to be part of big business.

I am going to end, honourable senators, by saying what some of our young friends, including those in my own family, say—"You have given a non-answer." I am convinced that this commission, if something is not done, will present a non-report. I would vote against the \$1.2 million or more in these estimates. No confidence!

Hon. Léopold Langlois: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honorable Senator Langlois speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Langlois: Honourable senators, I shall be brief—

Hon. Senators: Hear, hear.

Senator Langlois:—in trying to summarize the points raised by those who have participated in the debate this afternoon.

First, I should like to make a brief comment on the remarks made by the Leader of the Opposition in connection with the deletion of clause 5 from the supply bill by the Speaker of the House of Commons. If I raised this point this afternoon it was because earlier this week, when I moved that this bill be placed on the order paper for second reading, the Leader of the Opposition himself was the first to remark that the bill had been amended. I do not want to put words into his mouth but, to summarize what he said, he asked me if this clause had been struck out merely because it was illegal. In reply to this the only remark I made was that it had been struck out, and that was a simple statement of fact. I had in mind then to revert to this question later, knowing in advance that the honourable senator was going to take it up. That is why this afternoon I limited myself to giving the reasons, as I understood them, for Mr. Speaker's having ordered that this clause be struck from the bill.

In referring to the debates of the other place, I carefully avoided making any reference to a previous statement made by Mr. Sharp, the leader of the house, but since the Leader of the Opposition has referred to the statement made last year by Mr. Sharp on the very same point, I think I should quote now—and there will be no objection to this because he is a minister of the Crown and even under our amended rules I am allowed to quote him—from what he said on that occasion, December 9, 1975, as reported at page 9881 of *Hansard*.

Mr. Speaker, the honourable member for Edmonton West (Mr. Lambert) quoted words I used last December, when the same point was raised by him. At that time I was quite unaware that the bill then before us included a clause of the kind which is before the House again today. My remarks were directed to this effect: that I was unaware of this, and therefore would not let it happen again. But this time I am aware.

Mr. Speaker, not only am I aware, but I have before me a list of acts in which a similar clause is to be found. I have 18 statutes, 18 appropriation acts passed between 1955 and 1974, in which a similar provision was included. On each of these occasions I understand that it was quite in order and quite within the terms of the Constitution and the British North America Act.

Then, honourable senators he continued:

This is entirely the point I made last year, and that I kept making this afternoon. So much for this point, honourable senators.

I should like also to comment on the suggestion made this afternoon by the Leader of the Opposition to the effect that the supply bill should be referred to the National Finance Committee in order to check on the wording. He claimed, and rightly so, that some of this wording is not quite clear. I can say that in all honesty, because two years ago I agreed to have one of these supply bills referred to the National Finance Committee because the Leader of the Opposition then raised a question as to the wording of a particular bill about which I myself had some doubts. So I agreed to have that bill referred to the committee to check on the accuracy and the propriety of that particular wording.

Last year when this question was brought up again, I suggested, as I am about to suggest this afternoon, that if ever the honorable the Leader of the Opposition has a question to raise as to the wording of a supply bill I would entirely support the idea that it be referred to committee. I will not say that it should be referred to the National Finance Committee, but to the Legal and Constitutional Affairs Committee or the Rules Committee, because if it is a question of procedure or a question of wording then I think one of these two committees would be the appropriate one to which such questions should be referred.

I do not want to elaborate on this except to remind the house of the argument I made last year to the effect that supply bills have never customarily been referred to the National Finance Committee for the good reason that the Senate has no power whatever to amend supply bills. That

is the situation under the Constitution. At that time I quoted from page 136 of our rules, and this is the paragraph I read:

Supply bills are not referred to a committee of the whole or to a select committee. However, the estimates on which a supply bill is based are referred to the Standing Senate Committee on National Finance when they are tabled in the Senate.

● (1600)

I also quoted the reference to *Bourinot*, Fourth Edition, pages 443 and 444. To that, the honourable Leader of the Opposition last year said it was obsolete.

Well, frankly, these Forms and Proceedings are not obsolete, since they were incorporated in the book, *Rules of the Senate of Canada*, by order of the Senate dated December 10, 1968, as any honourable senator may check from the footnote on page 94.

That was the reason for my objection last year, and I still object to supply bills as such being referred to a select committee of the house, the Standing Senate Committee on National Finance.

I come now to some of the other points raised by Senator Flynn, in particular to the item regarding the Leader of the Social Credit Party in the other place, Mr. Caouette. This matter was fully discussed a year ago when this item was first introduced. Full information was supplied by the then President of the Treasury Board. Again, this year the same important questions were put to him by members of the committee and were fully answered. I do not believe it is expected of me this afternoon to rehash all those proceedings of the committee, to go over those same questions when they have been fully covered in committee.

I come now to some of the points raised by Senator Grosart. He referred in particular to the \$1 items, specifically items in the supplementary estimates regarding transfer votes. He said that these were not savings in expenditures. I need only refer him to a few of these transfer votes, in particular to the vote under National Health and Welfare, Vote 40a, which is to authorize a transfer to this vote of \$207,999. I read now from the document headed "Explanation of One Dollar Items in Supplementary Estimates (A), 1975-76," explaining these \$1 items, which was tabled before the committee by the President of the Treasury Board:

Explanation—Increased funds are required for contributions to support athletes and teams training for participation in the 1976 Olympics.

Source of Funds—Vote 35—(\$207,999)—

Funds are available due to reductions in operating expenses.

If this is not a reduction in expenditures, I do not know what a reduction in expenditures is. It is here in black and white,—"reductions in operating expenses."

I would like also to refer to Vote 5a, under Science and Technology—National Research Council of Canada, reading as follows:

Vote 5a—To authorize a transfer to this Vote of \$899,999.

Explanation—To purchase development and technological research from Canadian industry in line with the government's make or buy policy.

Source of Funds—Vote 15—(\$899,999)—

The Industrial Research Assistance Program will commit less money than previously forecast in order to support the new program.

There again is a cut in expenditures, and in my opinion these cuts are the necessary consequence and result of this policy of the Treasury Board to have departments live within their original budgets in exercising restraint in their expenditures.

Another example of a similar nature is to be found under the heading of the same department, vote 15 for \$1,500,000. The source of the funds is:

The Industrial Research Assistance Program will commit less money than previously forecast in order to support this program.

Vote 35—(\$2,699,999)—Funds have been made available through a reduction in expenditures.

Then we find under Secretary of State—

Senator Macdonald: Give us some more.

Senator Langlois: I hope I am convincing you.

Senator Macdonald: I am not hard to convince.

Senator Langlois: Under Secretary of State we find:

Vote 15a—To authorize a transfer to this Vote of \$479,999.

Explanation—To provide for—

There is a list of explanations, which I will omit, and following that list we find:

Source of Funds—Vote 20—(\$479,999)—

Funds will be available since the proposed grant to the Massey Hall will not be fully utilized pending agreement with the Province of Ontario and Massey Hall.

Another cut in expenditures. I could go on with several other items which prove that the interpretation placed on these \$1 items by Senator Grosart is completely out of line.

Senator Macdonald: May I ask one question, please?

Senator Langlois: Yes, go ahead.

Senator Macdonald: Is all that money that has been saved being used to pay the rent on these buildings which have not been used?

Senator Langlois: None of the examples I have just given cover expenditures of that nature, as my honourable friend knows. I am merely replying to the point raised by Senator Grosart that these cuts are not real cuts in expenditures and I am proving amply by these quotations from the explanations given for these \$1 items that they are in fact reductions in expenditures and restraint in government spending.

Senator Macdonald: You know, a man convinced against his will is of the same opinion still.

Senator Langlois: Sometimes you cannot convince your opposite numbers in this place that you are right, but this [Senator Langlois.]

is not proof that you are wrong. I would not be the first preacher to have preached in a desert.

Senator Bourget: You are not alone in the desert; I am with you.

Senator Langlois: That makes it all the more a desert. Anyway, I will end my remarks in this debate by adding that there is a definite commitment made by the government, and ministers on behalf of the government, to impress on departments the necessity to exercise restraint in their expenditures.

Yesterday in this house the Leader of the Government quoted a statement to the press made by Mr. Pepin, who said that it was part of his mandate as Chairman of the Anti-Inflation Board to see that restraints in government expenditures are exercised. He reserved his right, as being part of his mandate, to draw the attention of the government to this absolute necessity in order to fight inflation.

Again, I thank all honourable senators who have been kind enough to participate in this important debate. I also thank my honourable friends for their kind attention.

Senator Benidickson: Honourable senators, I have received a note from one of our esteemed colleagues, questioning my right to table that Canada-Government of Canada option document. I had no special reason to table it. It came to me from, I think, the clerk of the National Finance Committee.

● (1610)

I want to assert, contrary to the position I accepted last March, inasmuch as this document was consummated last week—a fait accompli and now a purchase agreement involving \$38 million plus—that in my opinion it is an appropriate document for public tabling and scrutiny. But I am perfectly prepared to withdraw the tabling of the document, with the unanimous, courteous leave of my colleagues, with the right, of course, to ensure that it is available to other people if I see fit.

This brings up an interesting question. I was for some years in an opposition that was puny numerically. We have had difficulties here regarding search warrants. This was not a document that came to me from some surreptitious source. It came from a specially employed clerk of the committee, obtained apparently from the Industry Department for me. I do not know whether or not other members of the committee received it. Irrespective of some other inquiries undertaken about one of our colleagues, with whom I have no reason to be other than friendly, I have great apprehension—I am thinking particularly in terms of a member of our all too thin Opposition about receiving what some ill-tempered, stupid member of a powerful ministry might say was the property of the Crown, and calling it a "stolen document" under the Criminal Code, and then asserting the government's right to search for a document in the Opposition's resource debating material. Of course, that is not what happened in the recent instance.

I bring this to the attention of honourable senators, because I think it is of interest to the Opposition. We may

eventually be inquiring into the facts of what happened in the Giguère case.

The agreement I asked leave to table does not come under the classification of a leaked document. However, suppose it came to me from an anonymous public servant who felt that our ultimate boss, the taxpayer, should receive it. Under the section of the Criminal Code concerning the receipt of stolen property, could a search warrant be obtained and my office here, which is invariably unlocked, be raided? I assure honourable senators that this document did not come to me in that fashion. My recollection is that it came to me a few days ago from the specially-employed clerk of the National Finance Committee, and was obtained from the department. As the matter has now been consummated, this should be a matter of public information.

I am prepared to expunge the record of the agreement of all honourable senators to my tabling the document. In my opinion, this is an appropriate case for referral to the committee dealing with statutory instruments, secrecy of documents, conflict of interest, et cetera. I will cheerfully abide by any experienced staff decision. I have no grudge against, or motives with respect to, the Power Corporation.

Senator Perrault: Honourable senators, the only point that may arise in connection with the tabling of documents of this or any other kind is that certain documents might be privileged. There is no attempt, of course, to restrict free speech, or the free flow of information, in the Senate. That is the only technical point to which I believe Senator Benidickson has spoken.

Senator Macdonald: Honourable senators, I wish to assure the Deputy Leader of the Government that the absence of my leader and his deputy, as well as others, is due to the fact that they are attending another meeting. They thought the meeting would be over before now, but apparently it has taken longer than anticipated. The Deputy Leader of the Opposition asked me to assure honourable senators on the other side that there was no discourtesy intended, and I am sure no offence was taken.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

WESTERN GRAIN STABILIZATION

AGRICULTURE COMMITTEE AUTHORIZED TO STUDY LEGISLATION

Leave having been given to revert to Motions:

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Agriculture be authorized to examine and report upon the subject matter of the Bill C-41, intituled: "An Act respecting the stabilization of net proceeds from the production and sale of western grain and to amend certain statutes in consequence thereof," in advance of the said bill coming before the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, December 15, 1975, at 8 o'clock in the evening.

Before the question is put, I should like to give a brief outline of the work in store for us next week.

It had, of course, been expected that the Senate would sit tomorrow. However, as we have made such excellent progress and accomplished so much this week, and as we are not expecting to receive any more legislation before Monday, I think we can safely adjourn until Monday at 8 p.m.

I have been advised that we can expect to receive early next week Bill C-41, the Western Grain Stabilization bill; Bill C-75, the Government Annuities Improvement bill; Bill C-78, the Halifax Relief Commission bill; and Bill C-28, the Animal Contagious Diseases bill, followed by Bill C-52, the Superannuation bill; Bill C-69, the Unemployment Insurance bill; and Bill C-77, the Housing bill. The work load will be heavy, and there is no doubt that we will be sitting on Friday next week, and perhaps also on Saturday.

● (1620)

With respect to committees, the Foreign Affairs Committee will meet at 9.30 a.m. on Tuesday, and at the same hour there will be a meeting of the Science Policy Committee; the Internal Economy Committee will meet at 11 a.m. There may also be meetings of the Joint Committees on Employer-Employee Relations in the Public Service, and Regulations and other Statutory Instruments, on Tuesday, but these are not yet definite.

On Wednesday, the Science Policy Committee will meet at 10 a.m. On Thursday, the Foreign Affairs Committee has scheduled a meeting for 9.30 a.m. There may also be meetings of the Joint Committees on Employer-Employee Relations in the Public Service, and Regulations and other Statutory Instruments, on Thursday.

Motion agreed to.

DOCUMENTS TABLED

ending December 31, 1975 for the additional period
from January 1, 1976 to March 31, 1976.

Senator Perrault tabled:

Copies of Order in Council P.C. 1975-2780, dated
November 25, 1975, approving the Capital Budget of
the St. Lawrence Seaway Authority for the year

The Senate adjourned until Monday, December 15, at 8
p.m.

APPENDIX

(See p. 1596)

BANKRUPTCY AND INSOLVENCY

REPORT OF STANDING SENATE COMMITTEE ON BANKING, TRADE AND
COMMERCE RELATING TO THE SUBJECT MATTER OF BILL C-60
BANKRUPTCY ACT, 1975

INTRODUCTION

On May 13, 1975, the Senate authorized the Standing Senate Committee on Banking, Trade and Commerce to examine and report on the subject matter of Bill C-60 entitled "An Act respecting bankruptcy and insolvency" in advance of the said Bill coming before the Senate. Since that date your Committee has received written submissions from the interested parties listed on Schedule "A" to this Report. In addition to the written submissions, oral presentations have been made by representatives of the associations listed on Schedule "B" attached hereto and the advisors to the Committee have presented a detailed explanation and analysis of the Bill.

Bill C-60 is intended to replace the following statutes which will be repealed, The Bankruptcy Act, The Companies Creditors' Arrangement Act and The Farmers' Creditors' Arrangement Act. In addition, The Winding-Up Act of Canada will no longer be applicable to the winding-up of insolvent companies. Bill C-60 also brings within its jurisdiction the winding-up of insolvent banks, railways and loan, trust and insurance companies. Your Committee has considered the issue of whether or not improvements in the bankruptcy and insolvency legislation could be achieved by amending the existing Act. The effect of Bill C-60 is that existing jurisprudence interpreting the provisions of the present Bankruptcy Act will have little direct value. However, this is the inevitable result of legislative reform.

Bill C-60 introduces many new terms, concepts and procedures which are a very great improvement over the terms of the present Bankruptcy Act. It would be difficult and extremely time consuming to incorporate these provisions into the existing Bankruptcy Act. Your Committee is, therefore, prepared to accept the principle that a completely new Bankruptcy Act should be prepared.

Many changes are required in Bill C-60 in order to reflect a proper balance among the rights of creditors, debtors and the public interest. The draftsmen of Bill C-60 appear to emphasize the rights of debtors to obtain rehabilitation and relief from their debts at the expense of the rights of creditors. From an administrative point of view many functions previously handled by private trustees and by the Registrar in Bankruptcy are delegated to the Bankruptcy Administrator, an employee of the federal government. Your Committee is concerned that this delegation will significantly increase the cost of bankruptcy administration to the taxpayer. It is very difficult to deter-

mine whether the additional benefits achieved will justify the increased cost.

Submissions received by your Committee have mentioned technical flaws in the definitions and the drafting of sections. These submissions have been made available to the Department of Consumer and Corporate Affairs and if the legislation is redrafted we would recommend that the submissions be considered although they are not mentioned in this report. In this report we have attempted to outline the most important changes that your Committee would recommend in Bill C-60.

TERMINOLOGY

The language and terms used in Bill C-60 is somewhat cumbersome and confusing. In order that the provisions of any legislation be understood the use of simple and meaningful language is important.

RECOMMENDATIONS

1. We recommend that the Bankruptcy Administrator be named Bankruptcy Supervisor; this would more closely describe his role in the bankruptcy and arrangement process.

2. The Bill refers to a "Proposal" and is used in the context of an "offer", which "offer" if accepted becomes an "Arrangement". In our opinion, this is a confusing use of language and the term "Arrangement" should be used throughout.

3. We recommend that the terms pertaining to arrangements should be abbreviated as follows:

"Arrangement by way of Composition" should be abbreviated to

"Composition Arrangement";

"Arrangement by way of Extension of Time" should be abbreviated to

"Extension Arrangement",

and the term "preventive commercial arrangement" should be deleted as a preventive commercial arrangement only appears to prevent a bankruptcy.

4. The Bill uses the term "Bankruptcy Order" as opposed to the terminology under the present Bankruptcy Act of "a Receiving order in Bankruptcy" which change in terminology we are in accord with. As to the word "petition" we recommend that the Bill should refer to a "voluntary petition" or an "involuntary petition" so as to clarify exactly what type of proceedings have been followed.

5. The "Certificate of Non-Responsibility" should be changed to "Certificate of Discharge".

ADMINISTRATION

ADMINISTRATOR

Bill C-60 provides for the appointment of bankruptcy administrators in each district who are full-time employees of the Office of the Superintendent of Bankruptcy. The bankruptcy administrator will assume the functions presently carried out by the official receiver, the registrar, and in some instances the trustee in bankruptcy. In addition to performing his tasks under the present Act which are principally of an administrative and investigatory nature, his function will be augmented by his involvement with the small debtor arrangement program, consumer/debtor bankruptcies, and he will also administer commercial bankruptcies where a private trustee cannot be found to administer the same or dies during the course of his administration.

The administrator, when acting in the capacity of a trustee, will be entitled to receive the same remuneration and expenses as a private trustee and will have his accounts taxed by his own superior, namely, The Superintendent of Bankruptcy.

Under certain conditions, the office of the official receiver presently administers "no asset personal bankruptcy" cases for a fee of fifty dollars (\$50). In order for a personal bankruptcy file to qualify for the fifty dollar (\$50) fee and to be administered by the official receiver, the insolvent bankrupt must earn less than three thousand dollars (\$3,000) per annum if he is single and less than five thousand dollars (\$5,000) per annum if he is married. These minimum amounts are increased by five hundred dollars (\$500) per annum for every dependent which he supports; also, the debts must not have been business debts.

The Bill proposes that the bankruptcy administrator should administer arrangements for the consumer debtor.

The Bill gives the administrator the sole authority to oppose the discharge of a bankrupt or to apply to the Court for an order imposing the status of "deemed bankrupt" on an officer, director or agent of a bankrupt corporation.

Under the present Bankruptcy Act there appears to be a duplication of work performed by the Office of the Superintendent of Bankruptcy and the Registrar in respect of the taxation of trustee accounts. It is obvious that for this reason the draftsmen of Bill C-60 propose to eliminate the function of the Registrar.

The Background Papers which were released by the Department of Consumer and Corporate Affairs at the time Bill C-60 was tabled in the House of Commons indicate that the administrator will be directly involved in the financial rehabilitation of consumer/wage-earner debtors. There does not seem to be a rehabilitation process included in Bill C-60 unless the draftsmen are referring to the administrator preparing the arrangement as a form of rehabilitation.

The designation of the officer of the Superintendent of Bankruptcy as "Bankruptcy Administrator" is a misnomer and recommendation is made that his title should be "Bankruptcy Supervisor".

RECOMMENDATIONS

1. The office of the Superintendent of Bankruptcy is presently geared to handle "no asset personal bankruptcy" cases and, accordingly, we concur that their present policy should be so extended to include all "no asset personal bankruptcy" cases as we deplore the necessity of honest financial hardship cases being required to pay a fee in order to go bankrupt and free themselves of their debts. Private trustees should also be permitted to handle "no asset bankruptcies".

2. We are in accord with the provision whereby the administrator will administer arrangements for the consumer debtor; however, the Bill proposes to give creditors very little say in the administration of consumer and wage-earner debtor arrangements. We are of the opinion that necessary amendments should be made to the Bill whereby creditors have substantially more input in arrangements filed with the administrator.

3. We are of the opinion that the administrator must obtain input from interested creditors when opposing discharges and when applying to the court for an order imposing the status of "deemed bankrupt" and must not be granted the sole right to act independent of the trustee, the creditors and the inspectors of a particular file.

TRUSTEE

(a) LICENSING OF TRUSTEES

The Bill proposes that the Superintendent of Bankruptcy and his deputies will continue to be appointed by the Minister of Consumer and Corporate Affairs. It is however also proposed that the Superintendent of Bankruptcy's only obligation to the Minister of Consumer and Corporate Affairs is to report to him on an annual basis on the administration of the Bankruptcy Act. Appointments both to the office of the Superintendent of Bankruptcy and of licensing trustees were heretofore made by the Minister of Consumer and Corporate Affairs on the recommendation of the Superintendent of Bankruptcy. These appointments will now solely be within the discretion of the Superintendent of Bankruptcy.

The Bill recommends an extension of the present procedure which provides for the issuance and renewal of a trustee's license for a given term. The Bill suggests that the term not exceed two years. We understand the renewal of licenses to be a cumbersome procedure and should be automatic unless something has come to the attention of the office of the Superintendent of Bankruptcy which would cause the trustee's license not to be renewed. Provisions have been made to facilitate the licensing of corporate trustees thereby overcoming the difficulties presently encountered in obtaining authorization to so act in several provinces. Also the Bill provides for the Superintendent of

Bankruptcy to remove a trustee's license summarily without provision for an appeal process.

(b) TRUSTEE AND INTERIM RECEIVER

There appears to be a double standard created as to the duty of care that must be exercised by the interim receiver and trustee under Section 35 of the Bill and that which must be exercised by the secured creditor under Section 240(5).

RECOMMENDATIONS

1. It is our opinion that the Minister of Consumer and Corporate Affairs plays a vital role in the appointments to the Office of the Superintendent of Bankruptcy both as an administrative control and as a cost control and, accordingly, it is our opinion that these appointments together with the renewal and issuance of trustee's licences should not be left solely to the discretion of the Superintendent of Bankruptcy. The procedures now instituted should continue under any future legislation. We have been advised by representatives of the Office of the Superintendent of Bankruptcy that under the present procedure there may be a delay in this area of administration. We, however, do not believe this delay to be of any great significance.

2. With regard to corporate licensing we recommend that Section 18(2) be amended to read:

"Every corporation that holds a license may carry on the business of a trustee in bankruptcy or as a receiver throughout Canada and shall not, in respect of its operations as a trustee in bankruptcy or as a receiver, be construed to be carrying on the business of a trust company".

3. We recommend that there be an appeal process available directly to the court for the trustee who loses his license.

4. We recommend that Section 35 be amended to establish a higher standard of care to be imposed upon interim receivers and trustees.

(c) DUTIES AND RESPONSIBILITIES OF TRUSTEES

The Bill provides that if at a first meeting of creditors, duly called, a quorum does not attend within one half hour of the time called for the meeting, the meeting is deemed to have been held. This is a good provision as many instances have arisen in the past where creditors have not attended and a new meeting had to be called. Thus, the administration of an estate was delayed.

Under the present Bankruptcy Act, the trustee is required to prepare and file all tax returns which were required to be filed by the bankrupt and which were not filed as at the date of the bankruptcy. This was both a very costly practice and one which did not necessarily produce a recovery for the creditors. The Bill proposes to do away with this requirement and this elimination is welcome.

The present practice is for a trustee in bankruptcy, immediately upon his appointment, to petition the Court via "ex parte" proceedings for a redirection of mail for a period of three months. The Bill proposes that the granting of this petition is an administrative function and should be

handled by the administrator and should be granted for a period of 30 days.

Such a routine matter should not involve the time and expense of an application to either a court or the administrator. This procedure could be avoided by providing that a trustee may advise the post office of the bankruptcy of a debtor and thereupon the post office should re-direct to the trustee mail addressed to the debtor.

The Canadian Institute of Chartered Accountants in their submission stated as follows on the "Realization of Property":

"Section 191 provides penalties for trustees who do not adhere to regulations in respect of method of selling assets of the bankruptcy estate. In the past, trustees have been hampered by regulations that are rigid and leave no room for flexibility to deal with special circumstances. It is our understanding that the regulations that were imposed by the Superintendent were a direct result of abuses by some trustees of the tendering process. It is our view that this is wrong, that the creditors suffer as a result of this procedure, and that the Superintendent should take a more positive approach with respect to the bidding process. Our suggestion is that bidders should not be permitted to attend at the opening of bids but that the Superintendent or the administrator should be required to be there unless circumstances indicate that it is unnecessary. We are convinced this would have a beneficial effect on the total realization for the estate if this method were followed, and would satisfy the public with respect to the tendering process."

The Bill provides that a creditor may request the trustee to continue or institute a proceeding that in his opinion would benefit the estate. If the trustee refuses or neglects to institute or continue such a proceeding, the creditor may obtain permission from the Court to institute or continue the proceeding in his own name and in the name of the administrator. These proceedings are instituted at the cost of the creditor. Any benefit derived from these proceedings belongs exclusively to the creditor and any other creditor who joined with him in the proceedings to the extent of their total claims and costs. Any surplus belongs to the estate and is payable to the administrator or where the administrator so directs to the trustee or debtor.

The proposed Bankruptcy Act stipulates that where a bankrupt resides more than 10 miles from the place of a meeting and is requested to attend a meeting other than the first meeting of creditors or a meeting of a board of inspectors, the trustee will pay the bankrupt reasonable expenses for attending the meeting. The trustee should only have the obligation to pay these expenses if there are funds available in the bankrupt estate.

The Bill carries on the tradition of the existing Bankruptcy Act where once a trustee has accepted an appointment as trustee in bankruptcy of a file, he must continue on that file until the administration is terminated. This provision may create difficulties where the trustee at a date subsequent to the commencement of the administration of a file determines that he has a conflict of interest.

We, therefore, recommend that if a conflict of interest arises during the administration of a file that the trustee be permitted to step down provided that another trustee acceptable to the inspectors is prepared to act.

RECOMMENDATIONS

1. No application to a court or to the administrator should be required for a redirection of mail. The trustee without an order should be entitled to require the post office to redirect to the trustee mail addressed to the bankrupt for a period not exceeding three months from the date of the bankruptcy. A court order should be required if the trustee wishes the redirection of mail to be extended beyond the three month period.

2. We agree with the recommendation of the Canadian Institute of Chartered Accountants as it pertains to the realization of assets.

3. We are of the opinion that in a bankruptcy, any surplus funds should be remitted to the trustee on the file and not to the administrator and only paid to the debtor if all monies owing to creditors have been fully discharged.

INTERIM RECEIVER

Bill C-60 sets out the duties and responsibilities of Interim Receivers generally. The powers and duties of the Interim Receiver are as included in the present Bankruptcy Act. The Bill proposes to legislate under what circumstances the Interim Receiver's appointment is terminated and the time frame under which he is to prepare his final accounts for taxation.

The Bill provides that when a debtor files an arrangement a creditor may by "ex parte" petition request for the appointment of an Interim Receiver.

RECOMMENDATION

In our opinion an Interim Receiver should be appointed in the terms and conditions of a proposal as well as during the Notice of Intention period while the proposal is being formulated.

INVESTIGATION BY THE SUPERINTENDENT OF BANKRUPTCY

In 1966 the Bankruptcy Act was amended to give the Superintendent of Bankruptcy extensive investigative powers in connection with a bankruptcy with respect to the conduct, dealings and transactions of the bankrupt, the causes of his bankruptcy and the disposition of his property. Section 6(1) of the Bankruptcy Act. The Bill has broadened the investigate powers to cover offences in connection with any proceedings under Bill C-60 which would include commercial and consumer arrangements as well as bankruptcies. The investigation may also include offences committed before the institution of proceedings under the Act. Section 53(1).

The Bill gives the Superintendent powers of search and seizure which may seriously disrupt the maintenance of permanent master files of data by large financial institutions such as banks and trust companies. In this age of the

computer, data relating to transactions involving many parties is maintained in permanent master files. Provision should be made for the Superintendent to obtain the information he requires without disrupting the permanent master file.

RECOMMENDATIONS

1. We concur with the extension of the investigatory powers of the Superintendent to include any offence committed in connection with proceedings initiated under the Bill whether or not the proceedings had in fact been commenced when the offence was committed.

2. Where information relating to the dealings and transactions of a person under investigation by the Superintendent is maintained in a permanent master file together with information relating to other parties, the Superintendent shall only be entitled to production of the source documents and the transcription of the data of such person stored in the permanent master file. The Superintendent shall not be entitled to remove from its usual location the permanent master file.

CONFLICT OF INTEREST

The Bill legislates situations under which accountants, solicitors, trustees and other professionals may not act in the event of a bankruptcy. The Canadian Institute of Chartered Accountants in their Brief, report that they understand the following regulation is proposed as it relates to conflict of interest:

"A trustee while he is the trustee of an estate may act for or assist a secured creditor of the estate to assert any claim against the estate or to realize a security interest that he holds if he:

- (a) obtains an opinion of a solicitor not related to the secured creditor that the security interest is valid as against the estate, and
- (b) notifies the creditors or the inspectors of all the circumstances of his relationship with the secured creditor, his remuneration, and the opinion he has received in respect of the validity of the claim of security interest.

A trustee may act for a secured creditor up to the date of the first meeting of creditors while complying with the foregoing paragraph of this regulation."

RECOMMENDATIONS

1. We agree with the recommendation of the Canadian Institute of Chartered Accountants that the foregoing should be incorporated into the new Bankruptcy Act in substitution for Section 30.

2. We are concerned with the strict codification of the definition of the meaning of a conflict of interest within the statute and accordingly are of the opinion that the question of conflict of interest should be dealt with under the rules of conflict of the respective professional bodies.

3. Consideration should also be given to formulating amendments to the Bill whereby trustees may act in two or more estates which are related, particularly where we are

dealing with parent, subsidiary, associated and related companies, and husband and wife.

4. A solicitor who has acted for a debtor in a particular matter should be entitled to continue to act in the matter if the trustee and the inspectors are of the opinion that it would be beneficial to the bankrupt estate. This would permit the estate to take advantage of the knowledge of the matter acquired by the solicitor.

ARRANGEMENTS FOR THE CONSUMER DEBTOR

Part X of the present Bankruptcy Act permits an insolvent person to apply for a consolidation order which would provide for payment of his debts in full within a period of three years. Such a consolidation order does not apply to:

- (a) a judgment or debt in excess of \$1,000 unless the creditor consents to come under the order
- (b) a debt owing to a government, municipality or school district
- (c) a debt secured by real estate
- (d) a debt incurred by a trader or merchant in the ordinary course of business. Section 189 of the Bankruptcy Act.

These restrictions limit the usefulness of Part X. It is only in force in a province which has requested that it be declared in force in that province. These provinces are British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia and Prince Edward Island.

Bill C-60 introduces more elaborate provisions to enable an insolvent consumer or wage-earner to satisfy his obligations to his creditors by paying them in full or in part. The Bill refers to these arrangements as "Arrangements by way of composition" (composition arrangement) and "Arrangements by way of Extension of Time" (extension arrangement). A consumer debtor is defined as an individual who is insolvent but does not include an individual who carries on business and has debts exceeding ten thousand dollars (\$10,000) or such greater amount as may be prescribed by regulation. Section 63(1).

Arrangements are administered by the bankruptcy administrator with whom the debtor files a request. The administrator prepares a proposal for either a composition arrangement or an extension arrangement. Although never defined, a composition arrangement involves part payment on account of the debts and the release of the debtor from the balance of the debts admissible under the arrangement. Section 72. An extension agreement is intended to involve payment of the debts in full including interest as it accrues, over a period of time not exceeding three years.

Proceedings by creditors whose claims are admissible in the arrangement are stayed. In an extension arrangement no claim is admissible for a debt secured by:

- (a) real property
- (b) personal property if
 - (i) less than two-thirds of the debt has been paid
 - (ii) the security agreement was given less than 60 days prior to the date of the proposal, and

- (iii) the creditor elects not to participate in the arrangement (Section 78(1)).

In a composition arrangement no claim is admissible where the debt is secured by:

- (a) real property
- (b) personal property if
 - (i) less than two-thirds of the debt has been paid, and
 - (ii) the creditor elects not to participate.

A proposal for a composition agreement must be approved by a majority of the creditors voting at a meeting of creditors called by the administrator. No meeting of creditors is required for the approval of an extension arrangement. A copy of the proposal for an extension arrangement is mailed to all creditors and any objection is filed with the administrator. Any objecting creditor is entitled to have a hearing before the administrator who is then empowered to ratify or amend the proposal. Sections 75 and 76.

If no objections are filed the administrator is deemed to have ratified the proposal which then becomes an extension arrangement. Section 76(2) (3).

The administrator is required to assist the debtor to rehabilitate himself financially and to carry out his financial obligations (Section 80). An arrangement may be for a term not exceeding three years but the administrator has the right to extend the term for an additional year to four years. Section 87(1) (2).

The duties of the administrator with respect to consumer arrangements are quite extensive and time consuming. Your Committee is concerned that the benefit achieved will not justify the administrative costs involved. Many debtors have difficulty meeting their normal living expenses and with the best intentions will be unable to perform their obligations under a consumer arrangement. Unexpected problems such as medical expenses or the repair of an automobile may also cause the debtor to default on an arrangement.

The definition of "debtor" in Section 63(1) will cause problems. Is an individual who practises a profession deemed to carry on business? What about a debtor who has ceased to carry on business? After a request is filed there is no time limit within which an administrator must prepare a proposal. Section 65(1). Nevertheless proceedings by a creditor are stayed by the filing of a request for a proposal. Section 68, which creates the stay of proceedings, is confusing since it provides all admissible claims are stayed upon the filing of a request but until the arrangement is proposed it is impossible to determine which type of secured claims are admissible.

The right of a creditor to object to the terms of an extension arrangement is very limited. The final decision as to whether or not the extension arrangement is reasonable is granted to the administrator who prepared it in the first instance. In the case of a composition all creditors, whether secured or unsecured, vote on the proposal as a class. A majority of the votes of the unsecured creditors

have the power to approve a proposal against the wishes of secured creditors. Section 69(3)(5). There is no provision giving secured creditors any greater rights than unsecured creditors in an arrangement.

There is no mention in the Bill of what happens to the rights of creditors who hold security on real property. Since their claims are not admissible in an arrangement, proceedings by such creditors against the debtor are not stayed. Many creditors may take advantage of this loophole to avoid being subject to an arrangement by insisting on a mortgage on real property owned by the debtor whether or not there is any equity in it. Such a creditor could proceed to sue the debtor and garnishee his wages notwithstanding a request for an arrangement has been filed.

The administrator is given limited control over the assets of the debtor. He may arrange for a certificate of judgment or a writ of execution to be filed as a charge against property of the debtor. Section 84. He is also entitled to require the debtor to execute an assignment of his future wages as security for the performance of his obligations under an arrangement. Section 83(3).

Where a debtor is in default for *more* than three consecutive months, the arrangement is deemed to have been annulled. Section 88(3). This seems to mean that there must be at least four months consecutive default before an arrangement may be annulled. It would be possible for a debtor to make a payment, miss three monthly payments, make another payment and not have his arrangement annulled. This could lead to very serious abuse by debtors.

If an assignment is annulled the rights of creditors are revived. Section 88(4)(c). Does this mean that the portion of a debt which is released by Section 72 is reinstated?

Section 82 will greatly annoy the creditors. It provides that a creditor who is already suffering a loss must pay a fee to the administrator in order to ascertain the terms of an arrangement and how it is being performed.

RECOMMENDATIONS

1. A debtor entitled to make a consumer arrangement should not include a debtor with liabilities in excess of twenty thousand dollars (\$20,000) or such other amount as may be prescribed excluding any debt secured by real property. Using the total amount of the liabilities of the debtor gives the most precise method of determining which debtor is entitled to make a consumer arrangement as opposed to a commercial arrangement.

2. The terms "extension arrangement" and "composition arrangement" should be defined in order to avoid any doubt as to the meaning of the terms.

3. The period of time which may elapse between the filing of a request for a proposal and the filing of a proposal or the rejection of the request should be limited to ten days.

4. A creditor whose debt is secured by real property should be required by the administrator to value his security. The difference between the debt and the value of the

security should constitute a claim admissible in an arrangement. If a creditor does not value his security he shall be deemed to be fully secured.

5. Proceedings by all creditors to exercise a remedy against the debtor or his property should be stayed by the filing of a request for a proposal, save and except proceedings by a creditor to realize upon real property of the debtor subject to his security.

6. A creditor should be given the right to vote by voting letter on both an extension arrangement and composition arrangement. If a majority of the creditors do not approve an extension arrangement it should be held to be rejected. An extension arrangement is an offer of payment to the creditors which permits the debtor to continue using his assets. This privilege should only be accorded to a debtor if his creditors consent thereto.

7. Voting by creditors should be simplified by basing a creditor's votes on the dollar value of his claim.

8. Secured creditors whose claims are admissible in an arrangement should be given the right to realize upon property of the debtor subject to their security if there is one month's default in the performance by the debtor of his obligations under an arrangement.

9. An arrangement should be annulled if there is three months default in an arrangement, whether consecutive or not, unless such default is waived by the administrator.

10. If a proposal is annulled the debtor should be deemed to be automatically bankrupt. This would avoid any harassment of the debtor by his creditors and the administrative cost of separate bankruptcy proceedings. Any money deposited with an administrator on hand when an arrangement is annulled should be paid to the creditors of the debtor by the trustee in bankruptcy of the debtor. For ease of administrative convenience the administrator should act as trustee in bankruptcy where a consumer arrangement has been annulled.

11. The creditor should not be required to pay a fee to the administrator on any reasonable request by him for information concerning an arrangement and the performance by the debtor of his obligations thereunder.

12. Creditors should be required to file claims with the administrator. The provisions in the Bill waiving such a filing if the debt is acknowledged by the administrator could lead to serious abuse by collusion between the debtor and a creditor.

COMMERCIAL ARRANGEMENTS

(a) TERMS

In the present Bankruptcy Act, the term "proposal" is used to cover an offer of compromise to the creditors both before and after it is accepted by the creditors and both before and after it is approved by the court. No distinction is made between a proposal that is made before a bankruptcy and a proposal that is made after the bankruptcy of the debtor. The use of the term "proposal" as being applicable to the different stages of the proceedings has not

created any difficulties in understanding and practise. Bill C-60 uses different terms depending on the stage of the proceedings. It uses the terms "proposal" for an "arrangement", "commercial arrangement" and "preventive arrangement". The use of these different terms depending on the stage and type of proceeding does not add clarity to the legislation and they are not used consistently throughout Bill C-60.

RECOMMENDATION

The only term which should be used under part IV of Bill C-60 is the term "commercial arrangement". It should have a meaning equivalent to the meaning of "proposal" under the present Bankruptcy Act. The use of the adjective "commercial" will enable the proceeding to be distinguished from an arrangement by a consumer debtor.

(b) WHO IS AFFECTED BY AN ARRANGEMENT

Section 91(2) of Bill C-60 stipulates that a creditor is deemed to be affected by an arrangement only where his interest or rights are materially and adversely affected thereby. It is possible that a creditor may have a secured claim against the debtor and not be subject to the arrangement. Also the same creditor may have an unsecured claim which would be affected by the arrangement.

RECOMMENDATIONS

1. Section 91(2) of Bill C-60 should be amended in order to provide that a creditor is deemed to be affected by an arrangement only if his claim or any part thereof, is materially or adversely affected by the arrangement.

2. Recognition should be given to the fact that one creditor with several classes of claims may be affected by an arrangement in respect of one class of claim and may not be affected by an arrangement in respect of another class of claim.

3. Section 91 (3) of Bill C-60 should permit the court to determine to what extent a creditor may be affected by an arrangement.

(c) WHO MAY MAKE A COMMERCIAL ARRANGEMENT

Under the present Bankruptcy Act, only the debtor, whether bankrupt or not, may make a proposal. Section 93 (3) of Bill C-60 enlarges the category of persons who are entitled to make a commercial arrangement in respect of a bankrupt and a debtor. These persons include the trustee in bankruptcy, the liquidator of the debtor, a creditor of a bankrupt and a trustee under a trust indenture if the corporation is a bankrupt. The intent of Bill C-60 is admirable but no provisions are set up to enable such parties to take control of and manage the affairs of the debtor. What happens if the debtor is unwilling or unable to carry out the commercial arrangement proposed by a creditor? Who is entitled to the shares of a corporation if the commercial arrangement is made by the trustee in bankruptcy? After

the commercial arrangement is approved by the court, who is entitled to elect the board of directors of a corporation?

RECOMMENDATIONS

1. The provisions of Bill C-60 which allow persons other than the debtor to make a commercial arrangement for the debtor will only be viable if powers are given to such parties to control the property and affairs of the debtor.

2. If a commercial arrangement is made on behalf of the debtor by someone else pursuant to the provisions of Section 93(3) of Bill C-60:

(a) if the debtor is a corporation the trustee named in the commercial arrangement should be entitled to vote the shares of the corporation at all meetings of creditors of the corporation held during the period in which the arrangement is outstanding. Thus the trustee would be entitled to elect the board of directors of the corporation.

(b) if the debtor is an individual the trustee named in the commercial arrangement should be appointed attorney for the debtor with complete powers to manage the business affairs of the debtor and to control the non-exempt property of the debtor during the period in which the arrangement is outstanding.

(d) NOTICE OF INTENTION

Section 94 of Bill C-60 allows a debtor who intends to make a commercial arrangement with his creditors to file a notice of his intention to make such an arrangement. This is a new and useful procedure that is not available under the present Bankruptcy Act. It will give the debtor an opportunity to formulate a realistic and practical commercial arrangement.

It is intended that the filing of a notice of intention will stay proceedings by creditors of the debtor. Section 94(2). The language of Bill C-60 does not accomplish this. The combined effect of Sections 94 (2), 95 (4) and 103 is that creditors who are affected by an arrangement have their proceedings stayed. However, at the time a notice of intention is filed, it is impossible to determine which creditors will be affected by the arrangement since the terms of the arrangement will not have been settled.

The filing of a notice of intention to make a commercial arrangement is an acknowledgment of insolvency on the part of the debtor. In order to prevent an unscrupulous debtor from taking advantage of this procedure by improperly disposing of his assets, it is desirable that an interim receiver of the assets of the debtor should be appointed by the court at the same time as a notice of intention is filed. It has been suggested that this procedure might impose a heavy burden on the debtor since he would be required to pay the costs of the interim receiver. At the present time, most orders appointing an interim receiver give the interim receiver the power to take possession of the assets of the debtor and to control his receipts and disbursements.

Performing these functions, which may involve twenty-four hour protection of several premises, may result in heavy costs. This could be avoided by giving the court flexibility in the powers it would grant to the interim receiver.

RECOMMENDATIONS

1. Section 94 (2) should be amended to provide that where a notice of intention has been filed with respect to a debtor no creditor of the debtor may exercise a remedy against the debtor or his property or institute or continue a proceeding for the recovery of a claim without leave of the court.

2. The debtor must obtain leave of the court to file a notice of intention to make a commercial arrangement and such leave should not be granted unless a licensed trustee is appointed interim receiver of the property and assets of the debtor.

3. Immediately after the filing of a proposal, the trustee named in the proposal should be appointed interim receiver of the property of the debtor with such powers as may be set out in the proposal or as the court may determine.

4. The court could authorize the interim receiver to perform one or more of the following functions depending upon the circumstances:

- (i) to take possession of the property and assets of the debtor;
- (ii) to control the receipts and disbursements of the debtor;
- (iii) to manage the business of the debtor;
- (iv) to inspect the books and records of the debtor;
- (v) to make an inventory of the property and assets of the debtor;
- (vi) to borrow for the purpose of financing the business of the debtor and to pledge the assets of the debtor as security for such loans;
- (vii) to receive daily the cash receipts of the business of the debtor and to control the disbursements of the debtor.

5. The trustee named in the notice of intention or in the proposal should be required to stipulate which of the above mentioned powers would provide the creditors with sufficient protection without undue expense.

(e) ACCEPTANCE BY CREDITORS

Under the present Bankruptcy Act a proposal is accepted by the creditors if it is accepted by a majority in number of the creditors voting and by the creditors with 75% of the total of the claims of creditors voting on the proposal. Section 104 (3) of Bill C-60 provides that a proposal is accepted by the unsecured creditors if the majority of votes cast by the unsecured creditors, regardless of class, are in favour of a proposal. This could result in an unjust and unfair treatment of small creditors. Creditors with claims of large amounts could accept a commercial arrangement which provided for lesser benefits to the

small creditors. It would be preferable to stipulate that a proposal could only be accepted by the unsecured creditors if each sub-class of creditors affected by the proposal accepts the proposal. Section 104 (4) of Bill C-60 states that a proposal is accepted by a class of secured creditors where 75% of the votes cast by that class of creditor is in favour of the acceptance of the proposal.

The present provisions of the Bankruptcy Act give too great a control over the acceptance of a proposal to the larger creditors. Creditors with 26% of the total amount of the claims of creditors voting on a proposal are given the power to veto a proposal. This problem is continued by the provisions of Bill C-60 relating to the acceptance of a proposal by a class of secured creditors. On the other hand requiring only a majority of votes by unsecured creditors for the acceptance of a proposal appears to be retreating too far in the opposite direction. A proper balance should be maintained between the rights of creditors who are in favour of the acceptance of a commercial arrangement and those who oppose it.

A commercial arrangement is a plan for the reorganization of an insolvent person. It is an attempt to permit the financial survival of the debtor. In most situations the terms of a commercial arrangement are interdependent and payments to one class or sub-class of creditors are dependent on each class or sub-class of creditors accepting the commercial arrangement.

RECOMMENDATIONS

1. Acceptance of a commercial arrangement by any class or sub-class of creditors should require an affirmative vote equal to 60% of the votes cast.

2. If one class or sub-class of creditors does not vote in favour of acceptance of a proposal the proposal should be held to be not to have been accepted by the creditors.

(f) DEFINITION OF CLASSES OF CREDITORS

Under the present Bankruptcy Act proposals only affect the rights of unsecured creditors and they are generally treated as one class. No power is given to affect the rights of secured creditors. Bill C-60 clearly attempts to rectify the situation and Section 96 (1) provides that a proposal may affect various classes of creditors which may include secured creditors. This is very desirable particularly with respect to insolvencies in the construction industry when mechanics' liens are filed. Unfortunately, the definition of what constitutes a class as set out in Section 284 (3) is very confusing. It refers to an order of priority for secured creditors as set out in the Act. Bill C-60 does not and should not contain any provisions determining the priority of secured creditors. These priorities should be determined by provincial law.

RECOMMENDATIONS

1. Unsecured creditors whose claims rank on the same level in the order of priority set out in Section 254 of Bill C-60 should constitute a separate class.

2. Secured creditors whose claims are payable out of the same property pro rata on an equal basis should constitute a separate class.

3. For the purposes of a commercial arrangement, a class of creditors may be divided into a sub-class based on the amount of the claim or the type of claim or creditor.

4. A commercial arrangement may stipulate that the classes and sub-classes of creditors may be affected differently.

(g) (i) CHAIRMAN OF MEETING OF CREDITORS

At the present time the Official Receiver, an employee of the Superintendent of Bankruptcy, acts as chairman at the first meeting of creditors in a bankruptcy. The trustee acts as chairman of the meeting of creditors to consider a proposal. The practise of the trustee chairing the meeting of creditors to consider a proposal is undesirable. In most cases, the trustee has been involved in the formulation of the terms of the proposal. He is required to investigate the affairs of the debtor and report to the creditors the results of his investigation. The creditors expect the trustee to make a recommendation whether or not a proposal should be accepted. The duties imposed upon him by the present Bankruptcy Act which are enlarged by Bill C-60 do not permit him to maintain an impartial role at the meeting of creditors. The many contentious issues which arise at meeting of creditors to consider a proposal should be decided by a person who is and appears to be impartial. This role can only be effectively performed by the bankruptcy administrator.

RECOMMENDATION

Bill C-60 should retain Section 279 (1) which stipulates that at every meeting of creditors, the administrator or his nominee, shall act as chairman.

(ii) Voting

Under the present Bankruptcy Act, a creditor has the right to vote on a proposal by voting letter. This saves the creditors the time and expense of attending the meeting of creditors. There is no mention of the use of a voting letter in Bill C-60. It has been suggested that the right to vote by voting letter is retained by the provision in the Bill giving a creditor the right to vote by proxy. Section 286 (1). This is a cumbersome method which could easily be avoided by the simple and direct method of using a voting letter.

RECOMMENDATIONS

1. The right of a creditor to vote by voting letter on a commercial arrangement should be retained.

2. The trustee should be required to mail a voting letter to each creditor with the notice of the meeting of creditors.

(h) INSPECTORS

Under the present Bankruptcy Act the creditors have the right to appoint inspectors to supervise the performance of the obligations of the debtor under a proposal. This power has proven very useful for both the creditors and the trustee. The creditors have the opportunity of being much better informed on the progress of the proposal. Unfortunately, Bill C-60 has omitted any reference to inspectors being appointed for a commercial arrangement.

RECOMMENDATIONS

1. At the first meeting of creditors held to consider the terms of a commercial arrangement, the creditors shall be entitled to elect inspectors for the purpose of advising the trustee acting in the commercial arrangement.

2. The inspectors should be entitled to all the powers of inspectors in a bankruptcy insofar as they may be applicable to the commercial arrangement unless such powers are restricted or enlarged by the terms of the commercial arrangement.

(i) EFFECT ON SECURITY AGREEMENTS

Many security agreements provide that repayment of the loan is accelerated if the debtor makes a proposal under the Bankruptcy Act.

RECOMMENDATION

Notwithstanding the terms of a security agreement, the court should be granted the power to determine whether the filing of a proposal should accelerate repayment of a loan or constitute default under the terms of a security agreement. This would be very desirable if the constitutional problems created could be resolved.

(j) AMENDMENT TO COMMERCIAL ARRANGEMENTS

The present Bankruptcy Act and Bill C-60 give no guidance as to when and how a proposal or commercial arrangement may be amended. Neither of them have any provisions setting out the effect of an amendment.

RECOMMENDATION

Specific references in Bill C-60 should deal with the right to amend a commercial arrangement and the problems arising from an amendment. Such provisions should include the following:

(a) If a proposal is amended prior to the mailing of notices of the first meeting of creditors, only the amended proposal should be mailed to the creditors.

(b) An amended proposal, whether amended before or after the meeting of creditors, or before or after the approval of the proposal by the Court, should be deemed to have taken effect as of the date of the filing of the original proposal. This result

would contrast with the consequence of a second proposal being filed by the debtor. A second proposal would only take effect as of the date it was filed.

- (c) A proposal may be amended and voted upon at a meeting of creditors without further notice to the creditors if the amended proposal provides all the creditors affected by it with benefits equal to or better than those provided by the original proposal.

(k) DEFAULT IN PERFORMANCE OF TERMS OF COMMERCIAL ARRANGEMENTS

Section 43 (1) of the present Bankruptcy Act provides that if there is default in the performance of the provisions of a proposal, the court may annul the proposal. Upon such an order being made, the debtor is deemed to have made an assignment in bankruptcy on the date of the annulment order. This date becomes the date of bankruptcy for the purposes of determining whether or not fraudulent preferences and other fraudulent transactions may be attacked.

Section 124 of Bill C-60 continues the present practise by providing that where an arrangement is annulled, the debtor is deemed to have filed a bankruptcy petition on the date of the annulment order. The trustee in bankruptcy may be precluded from attacking the improper transactions which took place prior to the filing of the proposal because of the lapse of time between the date of the proposal and the date of the annulment order.

RECOMMENDATION

For the purpose of attacking improper transactions such as fraudulent preferences after the proposal has been annulled, the date of bankruptcy should be deemed to be the date of the filing of the notice of intention or of the proposal.

SECURED CREDITORS

(a) PRIORITY OF WAGE EARNERS

A very significant aspect of Bill C-60 is the treatment accorded to secured creditors vis-à-vis wage earners. A secured creditor is a person holding an interest or charge upon property as security for the payment of a debt. Section 238 (2) provides that a claim for wages up to \$2,000.00 has priority to all other secured creditors. Under the present Bankruptcy Act claims for arrears of wages rank as preferred creditors to a maximum amount of \$500.00. Preferred creditors rank behind secured creditors. Bill C-60 contains procedures whereby the trustee in bankruptcy may borrow funds to pay wage claims and give security on the assets of the bankrupt for such borrowing in priority over all existing security covering such assets. Sections 238(4), (5), (6) and (7). A secured creditor who is affected by the borrowings of the trustee to pay wages is entitled to be subrogated to the preference of the wage earner against other assets of the bankrupt and to the

wage earner's rights against the directors if the bankrupt is a corporation.

After the bankruptcy has occurred, the employees of a bankrupt company should be promptly paid the wages they have earned. Bill C-60 attempts to accomplish this but at the expense of a serious disruption of the commercial lending system. The ability of the borrower to obtain credit to finance the ongoing operations of his business may be seriously hampered since secured financing will be rendered uncertain. In particular, labour intensive industries may find it extremely difficult to borrow funds. A marginal borrower may be unable to satisfy a lender that he has sufficient equity in his assets to support a loan after provision is made for possible unpaid wages.

The granting of priority does not assure the employees of the wage protection that is intended. Sophisticated lenders may stipulate that their loans be made to an associated holding company which owns all the valuable assets leaving no assets in the operating company available to pay arrears of wages. Alternatively, the assets of a bankrupt may be of such a nature that they are not readily convertible into cash and a lender may be very reluctant to loan money against them. In addition, arrangements to borrow sufficient funds to pay the arrears of wages may take an extended period of time while the lender satisfies itself as to the value of the assets.

The borrowing by the trustee creates administrative problems. Many disputes may arise between the trustee, the lender and the secured creditors because there are no specific details in Bill C-60 setting out the type of security interest which may be given to the lender or the terms applicable thereto. The final allocation of any moneys borrowed against assets covered by security held by several secured creditors will be very complicated.

Since the secured position of the wage earner only arises when a bankruptcy occurs, a secured creditor who feels insecure may attempt to realize upon his security very quickly before bankruptcy proceedings are commenced. This may result in the premature termination of an ongoing business. It also may result in a lower recovery from the assets and a lesser amount available for distribution to other creditors.

RECOMMENDATION

It is the opinion of your Committee that the provisions of Bill C-60 providing that a claim for wages up to \$2,000.00 has priority over all other secured creditors should be struck out. Consideration should be given to the creation of a government administered fund under the authority of the Bankruptcy Act out of which unpaid wages of employees could be paid forthwith upon the bankruptcy. The claim for unpaid wages would cover wages in arrears to a limit of \$2,000.00 and should not include vacation pay, severance pay and fringe benefits. Contributions to this fund could be received from employers and employees. The trustee in bankruptcy would ascertain complete details of the unpaid wages, provide the necessary information to the officials administering the fund and distribute the payments to the unpaid employees. The fund could be subro-

gated to the rights of the employees and rank as an unsecured creditor in the distribution of the assets of the bankrupt.

The representatives of the Department of Consumer and Corporate Affairs who appeared before us estimated that the annual amount to be disbursed by such a fund throughout Canada would not likely exceed \$4,000,000.00 if severance pay is not included. Since there are over 9,000,000 employees in the work force in Canada, the amount of each contribution would be relatively modest.

The representatives of the Department who appeared before us stated that a fund of the nature contemplated would provide the employees with the best possible protection. The creation of an insurance fund would assure payment of wages in arrears to a maximum of \$2,000.00 whereas the method of priority proposed under the Bill gives no such assurance.

(b) STAY OF PROCEEDINGS

Under the present Bankruptcy Act, proceedings by secured creditors are not automatically stayed by a bankruptcy. The trustee of the bankrupt estate has the power to apply to the court for an order staying proceedings by a secured creditor for a period not exceeding six months under Section 49 of the present Bankruptcy Act.

Bill C-60 completely reverses the position of the trustee and secured creditor. The filing of a petition for bankruptcy, a notice of intention to file a proposal, or a proposal stays proceedings by a secured creditor. Sections 94(1), 95(4) and 138.

In addition, Section 238(3) provides that after a proposal or petition for bankruptcy is filed, a secured creditor shall not realize or deal with the property of the debtor for a period of ten days after the date of the proposal or the date a bankruptcy order is made. A secured creditor is not entitled to realize upon the property covered by his security until both a proof of claim is filed with the trustee and the trustee has not exercised his right to redeem the property. Section 240(1). The trustee has thirty days from the date of the filing of the proof of claim to exercise his right to redeem. Section 241(2). These restrictions do not apply if the property is perishable or likely to depreciate in value. Section 240(5). Also, the court may postpone the right of realization by a secured creditor if the postponement does not cause hardship and no payment of principal or interest is in arrears for more than six months. Section 242(1).

The provisions of Bill C-60 staying proceedings by secured creditors without leave of the court place the burden on the secured creditor to satisfy the court that he is being prejudiced by the stay of proceedings. This reverses the present law which places upon the trustee the burden of proving that the secured creditor will not be prejudiced by the stay of proceedings. A problem created by the terms of Bill C-60 effecting such a stay results from the fact that secured creditors such as mechanic's lien

claimants are subject to rigid time deadlines to perfect their security. Under Ontario law, if a mechanic's lien is not filed within 37 days after the last work was done, the right to a mechanic's lien is lost. Other filing deadlines apply to debentures, chattel mortgages, conditional sale contracts and assignments of book debts. Section 402 of Bill C-60 attempts to rectify this problem by removing the period during which the rights of a creditor are stayed from any limitation period deadline. This would be completely ineffective if a creditor had a right to file a mechanic's lien and the trustee in bankruptcy sold the property before the mechanic's lien was filed.

RECOMMENDATION

All creditors should be permitted to take any steps necessary to perfect their security such as registration or giving notice to third parties, notwithstanding the fact that bankruptcy proceedings have been commenced. This does not mean that there would be no restrictions with respect to their realization upon the assets of the debtor subject to their security.

(c) REALIZATION BY SECURED CREDITORS

Under the present Bankruptcy Act, the trustee in bankruptcy has very little power or control over the realization by a secured creditor on the assets of a bankrupt subject to his security and the costs incurred. Bill C-60 attempts to rectify this problem. Under it the trustee may require the property to be sold on terms and conditions satisfactory to the secured creditor and the trustee or as the court may direct. Section 240(3). A secured creditor may require a trustee to elect whether he will exercise his power to redeem the security interest or require the property to be transferred. Section 241(1). The trustee has thirty days to reply to the above notice from the secured creditor. Section 241(2). Even if the trustee does not receive such a notice, he has the right to redeem the security interest or to require the property to be realized. Section 241(3). Upon giving notice of intention to redeem or to require the property to be realized, within three months after the service of the notice of election the trustee must pay to the secured creditor the amount of the secured debt or the value of the property as set out in the proof of claim or the net proceeds of realization, whichever is the lesser. If the trustee fails to redeem the property, he loses his right to redeem or to require the property to be realized, the interest of the trustee in the property vests in the creditor, the debt owed to the secured creditor is reduced by the amount of the valuation in the proof of claim and the trustee loses his right to inspect the property. Section 241(5).

The thirty day stay upon realization will create many practical problems. Who will be responsible for protecting the assets? Who will be responsible for payment of rent for the premises if the assets are located on leased premises? Who will collect the accounts receivable? Will the trustee or the secured creditor be entitled to carry on the business of the bankrupt? If so, who will finance the continued operation of the business of the bankrupt?

RECOMMENDATIONS

1. The stay of proceedings imposed upon the realization by a secured creditor should be modified. If permitted by the security instrument, the secured creditor should be allowed to take possession of the property of the bankrupt subject to his security, to carry on the business of the bankrupt and to collect the accounts receivable of the bankrupt. Upon the making of a bankruptcy order, the right of the secured creditor to realize or sell the property of the bankrupt out of the ordinary course of business should be stayed for ten days from the date the secured creditor files with the trustee a proof of claim setting out the following information if applicable or for ten days after the first meeting of creditors, whichever is the later:

- (a) The total balance owing;
- (b) The amount of any payments in arrears;
- (c) The security agreement;
- (d) The court order appointing a receiver;
- (e) The instrument appointing an agent or receiver;
- (f) All acts taken to date and expenses incurred;
- (g) The method of sale proposed by the secured creditor;
- (h) An estimate of the value of the property;
- (i) Details of the property in the possession of the secured creditor.

2. Such a proof of claim should be filed by the secured creditor with the trustee within ten days after receiving a notice from the trustee requiring the same. If the secured creditor does not file such a claim, the secured creditor should be required to deliver all the property of the bankrupt in his possession to the trustee.

3. Upon the filing of the notice of an intention to make a proposal, a proposal or a petition for a bankruptcy order, any party, including an interim receiver, should be entitled to apply to the court for a stay of the proceedings by a secured creditor. Such an order should only be granted if the postponement does not cause hardship to the secured creditor and no payment of principal or interest is delayed for more than six months. A similar power is given to the trustee in bankruptcy in Section 242(1).

4. In addition, the court should be given the power to control the method of realization by a secured creditor and the costs incurred in the realization. The costs and expenses of realization by a secured creditor should be subject to taxation by the court. The secured creditor should be required to pay to the trustee any surplus remaining within fifteen days after the accounts have been taxed.

In these recommendations, your Committee has attempted to maintain an even balance between the right of a secured creditor to realize upon the assets covered by the security agreement for which he bargained when he loaned the money to the bankrupt and the need of the trustee in bankruptcy to have a reasonable time to assess the situation in order to obtain the maximum recovery for unsecured creditors.

EXEMPT PROPERTY

Section 47 of the present Bankruptcy Act stipulates that property of the bankrupt which is exempt from seizure under the laws of the province within which the property is situated and within which the bankrupt resides does not vest in the trustee in bankruptcy for distribution among the creditors. The nature and value of the assets which are exempt from execution vary from province to province. Most provinces have stipulated the type of tangible assets which are exempt up to a maximum value. In addition, intangible benefits and rights such as pension benefits, armed service allowances, family allowances, unemployment insurance and Mothers' allowances are exempt from seizure. No maximum limitation is imposed on these benefits.

Most provinces provide that insurance policies are exempt if the beneficiary is either the spouse or child of the insured. The purpose of this is to encourage a man to maintain life insurance for the protection of his family.

Section 145 of Bill C-60 states that all the property of the bankrupt at the date of the bankruptcy order vests in the trustee except:

- (a) real and personal property exempt from seizure under provincial law
- (b) rights under an insurance policy if an amount equal to the cash surrender value thereof is paid to the trustee
- (c) benefits payable to a disabled person under an insurance policy, a retirement savings plan or a pension fund or plan.

Bill C-60 also establishes a uniform exemption across Canada of three thousand dollars (\$3,000) in respect of the value of assets which will not vest in the trustee in bankruptcy for distribution among the creditors. This is effected by an awkward method. A bankrupt who retains exempt property with a value in excess of three thousand dollars (\$3,000) will not be discharged from his debts. Section 150. This low limit on exempt assets is in accordance with the general philosophy of Bill C-60, the thrust of which directs and encourages insolvent persons to make an arrangement for payment to their creditors rather than use the last resort solution of bankruptcy.

The definition of property in Section 2 of Bill C-60 is all encompassing and includes intangible rights such as pension benefits, family allowances and wages. To apply the maximum exemption to the total value of both tangible and intangible assets belonging to the debtor at the date of bankruptcy would create a very onerous result. The ability of a bankrupt to re-establish himself will be seriously hampered.

The definition of exempt assets in Bill C-60 with regard to insurance policies is more restrictive than the present laws of most provinces which provide that insurance policies are exempt from seizure if the beneficiary is the spouse or child of the insured. It is also more severe with regard to pension and other types of benefits since only benefits payable to disabled persons are exempt. Your Committee is of the opinion that these provisions of Bill

C-60 are regressive and the present policy of encouraging a person to maintain protection for his family and to make satisfactory provision for his old age should be continued.

RECOMMENDATIONS

1. Property that does not vest in the trustee for distribution among the creditors of the bankrupt should include all property which is exempt from seizure under federal and provincial law.

2. No maximum limit should be imposed upon the value of such exempt property.

3. Uniformity of exemption across the country is not necessary.

UNENFORCEABILITY AND REVIEW OF TRANSFERS

(a) DEFINITION OF INSOLVENCY

Under the present Bankruptcy Act the term "insolvent" by itself is not defined. In Section 2 (j) of the present Bankruptcy Act the term "insolvent person" is defined:

as a person who is not a bankrupt and who resides or carries on business in Canada, whose liabilities amount to \$1,000.00, and

- (i) who for any reason is unable to meet his obligations as they generally become due, or
- (ii) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or
- (iii) the aggregate of whose property is not, at a fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process would not be sufficient to enable payment of all his obligations, due and accruing due.

Section 5 of Bill C-60 has a very limited definition of "insolvent". It provides that a person is insolvent where the property of the person, if it were realized at a fair valuation, would be insufficient to pay all the certain and liquidated debts of that person whether or not the debts are due. Section 6 of Bill C-60 contains provisions as to when a person is deemed to have ceased to pay his debts and also when a person is presumed to have ceased to pay his debts generally as they become due. However, the phrase "ceased to pay his debts generally as they fall due" is never used in Bill C-60. In Sections 140 (3)(b) and 165 the converse term "paying his debts generally as they become due" is used. Section 7 (1) provides that a person is unable to pay his debts if he is unable to pay all his debts that are certain, liquidated and payable. Section 7 (2) provides that a person who has ceased to pay his debts generally as they become due is deemed to be unable to pay his debts. These provisions of Bill C-60 are very cumbersome. A much simpler approach to the problem would be to use the term "insolvent" in the sections of Bill C-60 where the terms "insolvent", "unable to pay his debts" or "cease to pay his debts generally as they fall due" are used. In the following sections the phrase "insolvent or unable to pay his debts" could be condensed to insolvent if there was an enlarged definition of insolvent: Sections 128, 154 (c), 158 (1)(b), 159 (2)(a) and 164 (1).

RECOMMENDATION

The definition of "insolvent" should be enlarged to read as follows:

"A person is insolvent if:

- (a) a fair realizable value of his property would be insufficient to pay all his certain and liquidated debts whether due or not, or
- (b) if he is unable to pay all his debts which are certain, liquidated and payable, or
- (c) if he has ceased to pay his debts generally as they become due."

(b) DEFINITION OF GIFT

In Bill C-60 the definition of gift in Section 2 includes a designation of a beneficiary under an insurance contract *by way of gift*. This creates a circuitous definition.

RECOMMENDATION

The definition should be changed to read:

"(b) a gratuitous designation of a beneficiary under an insurance contract."

(c) USE OF TERM UNENFORCEABLE

In almost every section of Bill C-60 relating to the right of a trustee to set aside transactions prior to bankruptcy, the transaction is stated to be "unenforceable". The term "unenforceable" is not defined in Bill C-60. It is a new term which has not been used in the present Bankruptcy Act. In Bill C-60 it is used in situations where the trustee would be entitled to recover assets improperly transferred away by the bankrupt. The normal meaning of the word does not give the trustee any power to compel repayment or reconveyance of an asset. It only permits the trustee to defend any attempt by a third party to enforce a claim against assets in the possession or control of the trustee. The present Bankruptcy Act uses the term "void against the trustee". This term has traditionally been interpreted as giving the trustee the right to recover the transferred assets from the person who received it.

RECOMMENDATION

The word "invalid" should be substituted for the word "unenforceable". It should also be used in Section 155 (5) of Bill C-60 which uses the term "void" with a relation to reviewable transactions.

(d) RIGHT OF TRUSTEE TO RELY ON PROVINCIAL LEGISLATION AVOIDING TRANSACTIONS

At the present time, the courts of various provinces have handed down conflicting decisions as to whether or not a trustee in bankruptcy is entitled to rely on provincial legislation setting aside fraudulent preferences. The courts have unanimously upheld the right of the trustee in bankruptcy to rely on provincial laws setting aside fraudulent conveyances made with the intent to defeat and defraud creditors. Usually the most significant difference between the provincial law and the federal Bankruptcy Act is the time within which a transaction must take place prior to

the date of bankruptcy in order to be subject to attack. For example, under Section 73 of the present Bankruptcy Act, a fraudulent preference in favour of a creditor who dealt at arms length with the bankrupt is only subject to attack if it took place within three months prior to the date of bankruptcy. Under Article 1036 of the Civil Code of Quebec, there is no time limit within which a fraudulent preference must have taken place prior to the date of bankruptcy. It is only necessary for the trustee to prove that the payment was made at a time when the debtor was insolvent. The provincial laws and the federal Bankruptcy Act also have certain different requirements with respect to the onus of proof.

Section 155 (1) (b) of Bill C-60 provides that a trustee may review a transfer between parties dealing at arm's length if it took place within one year of the date of bankruptcy and had the intent known to both parties, to impede, obstruct, delay or defraud a creditor. If the effect of the reviewable transaction was to impede, obstruct, delay or defraud the creditors or any of them, the court may make an order declaring the transfer void and restoring each party to the transfer insofar as possible to the state he was in immediately prior to the transfer. Section 155 (5).

There is a very real possibility that Sections 155 (1) and (5) could be interpreted so as to preclude the trustee from relying on the fraudulent conveyance statute of any province for the purpose of setting aside fraudulent conveyances on the ground that the Bankruptcy Act supersedes provincial legislation. These sub-sections are restricted in that they only apply to transactions which occurred within one year of the filing of the bankruptcy petition. Under most provincial fraudulent conveyance acts, transactions occurring within six years prior to the date of bankruptcy may be attacked.

RECOMMENDATION

A specific section should be included in Bill C-60 to provide that a trustee in bankruptcy is entitled to rely on provincial legislation to set aside fraudulent conveyances, fraudulent preferences and any other transactions which are invalid as against creditors under provincial law. Creditors are entitled to the maximum amount of protection available.

(e) SECURITY FOR PRE-EXISTING DEBT

Section 161 (1) of Bill C-60 introduces a completely new provision which provides that a transfer by way of a security interest is unenforceable against the trustee unless the transfer was made within thirty days after the debt was incurred, or within ten days after the property was acquired by the debtor and pursuant to an agreement entered into at the time the debt was incurred. This section prevents a creditor from taking security for a pre-existing debt if the debtor is insolvent at the date of the granting of the security.

No time limit is established within which a bankruptcy petition must be filed. Security taken many years before a bankruptcy may be set aside if the debtor was insolvent at the time such security was given and remained insolvent

up to the date of bankruptcy. A transfer could be set aside if there was a bona fide delay in the execution of the security documents or if the security document was executed prior to the date the debt was incurred. It would set aside a conventional building mortgage when the mortgage is signed and registered before the money is advanced.

RECOMMENDATION

Section 161 (1) should be deleted since the provisions relating to the avoidance of fraudulent preferences are sufficient to protect creditors.

(f) VALIDITY OF ASSIGNMENTS OF BOOK DEBTS AND OTHER SECURITY INSTRUMENTS

Section 72 of the present Bankruptcy Act provides that an assignment of book debts is void as against the trustee as regards any book debts that have not been paid at the date of bankruptcy unless it is registered in accordance with provincial law. Section 166 (1) of Bill C-60 varies this and stipulates that an assignment of book debts is unenforceable unless the assignment is registered under a statute that provides for perfection of such an assignment by registration.

The term "perfection" is taken from the Uniform Commercial Code of the United States and the Personal Property Security Act of Ontario which is not yet in force. It is not applicable to most provincial statutes requiring registration of assignments of book debts.

Section 169 of Bill C-60 provides for the purposes of Sections 154 to 168 that where any acts are required by law to make a transfer effective as against third parties and when such acts are not performed within thirty days after the transfer, the transfer is deemed to have been made on the date the last act required was performed. The transfer is deemed to have been made immediately prior to the filing of the petition if every act was not performed prior to the bankruptcy petition.

A problem arises with regard to assignments of book debts. Under the laws of most provinces, registration of an assignment of book debts makes it valid as against a trustee in bankruptcy and the creditors of the assignor. However, to make an assignment of book debts effective as against subsequent assignees of the book debts or a third party demand issued by Revenue Canada it is necessary to give notice to the debtors of the assignor. In order to permit the normal business operations of the borrower most lenders taking the assignment of book debts as security for a loan do not give notice to the debtors of the assignor at the time of the granting of the assignment. Notice is given when the borrower defaults. The lender accepts the commercial risk that his assignment of book debts is not effective as against all third parties.

Similarly under the laws of the province of Ontario an unregistered conditional sale contract covering goods which are not sold for the purposes of resale will be effective as against the trustee in bankruptcy of the conditional purchaser. It will not be effective as against subsequent purchasers or mortgagees of the goods. Section 169 of Bill C-60 as drafted would deem such a conditional sale

contract to have been executed immediately prior to the filing of the bankruptcy petition.

RECOMMENDATIONS

1. Section 166 (1) of Bill C-60 should be deleted. The present Bankruptcy Act and Bill C-60 do not require registration of debentures, chattel mortgages or conditional sale contracts. The validity of these security agreements depends on provincial law. There is no logical reason for the treating assignments of book debts any differently.

2. Section 169 should be varied by deleting the words "third parties" and inserting in their place the words "a trustee in bankruptcy of the transferor".

(g) RIGHTS OF TRUSTEE IF TRANSFER UNENFORCEABLE

Section 76 of the present Bankruptcy Act provides a trustee in bankruptcy with rights against a transferee of property of the bankrupt under a transaction that is set aside, where the transferee has sold, disposed of, realized or collected the property or any part thereof. Similar provisions have not been included in Bill C-60. Section 161 (2) of Bill C-60 does stipulate that when a transfer by way of a security interest is unenforceable, the court may direct the holder of the security interest to preserve the property for the benefit of the estate or may vest the property subject to the security interest in the estate, if such an order does not prejudice a security interest that is prior in time but lower in rank to the security interest that is unenforceable against the trustee. Neither of these alternatives is very practical and it is very difficult to determine when the second alternative would be applicable.

RECOMMENDATIONS

1. Subject to recommendation 2, if a transfer is unenforceable as against the trustee, the trustee should be entitled to recover the property or the value thereof or the money or proceeds therefrom from the person who acquired the property from the bankrupt or from any other person to whom the original transferee may have resold or paid over the proceeds of the property.

2. If the subsequent transferee of the property has paid or given adequate valuable consideration for the property in good faith, a trustee should not be entitled to have recourse against him but should only be entitled to have recourse against the original transferee of the property for recovery of the consideration paid or the value thereof.

3. Where the consideration payable for or upon any sale or resale of such property or any part thereof remains unsatisfied the trustee should be subrogated to the rights of the vendor to compel payment of the amount unpaid.

4. The provisions of Section 161 (2) of Bill C-60 should be deleted.

(h) AVOIDANCE OF PREFERENCES

Under Section 73 of the present Bankruptcy Act a payment to a creditor is set aside as a fraudulent preference if it was made with a view to giving such creditor a preference over other creditors. There have been many court decisions dealing with the issue as to whether or not it is necessary for the trustee to establish that there was con-

current intent on the part of the debtor to give a preference and upon the creditor to receive a preference or whether it is only necessary to prove that there was an intent on the part of the debtor to give the creditor a preference. At the present time this issue has been argued in a case before the Supreme Court of Canada and the decision has been reserved.

Sections 158 and 159 of Bill C-60 setting aside preferential transfers incorporate in their provisions the words "in the normal course of affairs". No reference is made to "intent" or "view". The term "normal course of affairs" is not defined and until there have been many court decisions interpreting it, uncertainty will prevail. It is extremely difficult to determine when the payment of a legitimate debt owing to a creditor would be other than in the normal course of affairs. Nevertheless, the payment could clearly have been made by the debtor with the intent to prefer that creditor. The drafting of a new statute gives an excellent opportunity to establish certainty with respect to the law relating to fraudulent preferences.

(i) TREATMENT OF ARM'S LENGTH CREDITORS

The present Bankruptcy Act contains the presumption that any payment made to a creditor who dealt at arm's length with the bankrupt within three months prior to the date of bankruptcy by an insolvent person is made with the intent to prefer the creditor. This presumption has generated unnecessary litigation. Many creditors who have dealt at arm's length with the debtor have been harassed by trustees relying on this presumption and have been forced to defend proceedings by the trustee to recover such payments. Section 158 (1) of Bill C-60 avoids preferential payments to a creditor who dealt at arm's length with the bankrupt if the payment was made within six months of the date of filing of the bankruptcy petition. Section 158 (2) provides that if such a payment is made within three months of the filing of the bankruptcy petition, it is deemed to be made other than in the normal course of affairs unless the contrary is proved.

(j) TREATMENT OF NON-ARM'S LENGTH CREDITORS

Section 74 of the present Bankruptcy Act sets aside preferential payments made by an insolvent person to a related creditor within one year prior to the date of bankruptcy. Bill C-60 avoids preferential transfers to non-arm's length creditors without any limitation. However, if the transfer was made more than one month and less than one year prior to the filing of a bankruptcy petition, the onus is shifted to the creditor to uphold the validity of the transfer. If the preferential transfer is made to a non-arm's length creditor within one month of the date of the bankruptcy petition, it is only valid if it is in satisfaction of a debt incurred within thirty days of the transfer. This provision will have the effect of rendering invalid almost all preferential transfers to non-arm's length creditors within one month of the date of the bankruptcy petition.

RECOMMENDATIONS

1. Your Committee is in agreement with the provisions of Bill C-60 which provide that preferential transfers within longer periods prior to the date of bankruptcy may

be attacked by the trustee but it is not in agreement with the introduction of the new untested terms and concepts.

2. A transfer that is a preference should only be set aside if it is proven that the transfer was made with the intent of the debtor to prefer the creditor.

3. A transfer that is a preference in favour of a creditor with whom the debtor was dealing at arm's length should be invalid against the trustee where the transfer is made:

- (a) when the debtor is insolvent,
- (b) less than six months before filing of a bankruptcy petition, and
- (c) the debtor intended to give the creditor a preference.

The presumption contained in the present Bankruptcy Act that if such a transfer took place less than three months before the filing of a petition, the transfer was made by the debtor with the intent to prefer the arm's length creditor should be deleted.

4. A transfer that is a preference in favour of a creditor with whom the debtor was not at arm's length should be invalid as against the trustee where the transfer is made:

- (a) when the debtor is insolvent, and
- (b) the debtor intended to prefer the creditor.

If such a transfer took place less than twelve months before the filing of a bankruptcy petition, there should be presumption that the transfer was made by the debtor with the intent to prefer the creditor and the onus should be placed upon the creditor to rebut that presumption.

5. In addition, if the preferential transfer was made to non-arm's length creditor within one month prior to the filing of the bankruptcy petition, it should only be upheld if the consideration therefor was given within thirty days prior to the date of the transfer.

LANDLORD AND TENANT

(a) EFFECT OF INSOLVENCY CLAUSES IN LEASES

Under most real estate leases the filing of an assignment in bankruptcy or a proposal under the Bankruptcy Act by the tenant gives the landlord the right to terminate the lease. This may produce a very unjust benefit for the landlord, whose rent has been paid in full, but wishes to cancel the lease because he can relet the premises at a higher price. Similarly, in many leases of chattels, the filing of a proposal under the Bankruptcy Act gives the lessor the right to terminate the lease.

Section 183 of Bill C-60 gives the trustee in bankruptcy of the tenant the right to occupy the premises leased by the bankrupt for three months, to elect to retain the lease for the balance of its term and/or to assign the lease. It is intended although not specifically stated that the trustee in bankruptcy should be entitled to exercise these powers notwithstanding a term in the lease giving the landlord the right to terminate the lease upon the bankruptcy of the tenant.

Similar provisions were included in the Bankruptcy Act of 1919. They were deleted from the Act when they were

held to be ultra vires of the legislative power of the Dominion Parliament in the case of *re Stober; Ex parte Mark Workman Invt. Corp.* (1923) 4 C.B.R. 34 a decision of a judge of the Superior Court of Quebec.

RECOMMENDATIONS

1. The rights given to a trustee in bankruptcy of a tenant by Section 183 of Bill C-60 are desirable but that section should specifically state that such rights may be exercised by a trustee notwithstanding any term or stipulation in the lease to the contrary.

2. Bill C-60 should include a provision that a debtor who has filed a commercial arrangement shall be entitled to retain the leased premises for the balance of the unexpired term of the lease notwithstanding any provision in the lease which gives the lessor the right to terminate it as a result of the filing of a commercial arrangement. Of course, the debtor must observe the other terms and conditions of the lease.

3. A similar provision should apply to leases of chattels.

(b) PREFERRED CLAIM OF LANDLORD

Section 107 of the present Bankruptcy Act allows a landlord to rank as a preferred claim for arrears of rent for a period of three months immediately preceding the date of the bankruptcy and for three months accelerated rent. A landlord is also entitled to an unsecured claim for any additional rent in arrears. In most provinces the landlord is not entitled to any additional claim for rent owing for the period after the date of bankruptcy. The allowance for accelerated rent has been considered to be compensation to the landlord for the termination of his lease as a result of the bankruptcy of the tenant.

Bill C-60 continues to allow a landlord to rank as a preferred creditor for three months arrears of rent but abolishes his right to any accelerated rent as a preferred claim. Instead the landlord is allowed an unsecured claim for damages arising out of disclaimer of a lease by a trustee after deducting any deposit, accelerated rent and rent paid in advance by the tenant. Section 183(13). This provision will create an administrative problem for a trustee. It will be very difficult for the proper amount of such a claim to be determined. What will be the amount of the claim if the trustee disclaims a long term lease and the landlord re-lets the premises for a shorter term at a lower rent? Who will be able to properly assess the rent which the landlord may receive for the period covered by the remainder of the term of the original lease?

RECOMMENDATIONS

1. Section 183(13) which gives a landlord an unsecured claim for damages as a result of the disclaimer of the lease by the trustee should be deleted.

2. The right of a landlord to a preferred claim for three months accelerated rent should be continued.

3. Any payment made by the trustee on account of occupation rent should be credited against the claim of the landlord for accelerated rent.

4. A landlord should not be entitled to rank as a secured creditor for rent in the event of the bankruptcy of a tenant. This is the law in certain of the provinces at the present time. It is desirable to have uniformity in respect of this matter throughout the country.

INQUIRIES BY THE ADMINISTRATOR

The Bill provides for an extensive inquiry to be carried out by the administrator either on his own initiative or at the request of the Superintendent of Bankruptcy. The consequences of this examination which is based on hindsight and a hypothesis of the financial circumstances at a time prior to the bankruptcy could have a serious effect on the bankrupt and/or his agents.

RECOMMENDATION

We recommend that the Bill be amended to provide for input into the investigation by the administrator by interested parties such as creditors, inspectors and the Trustee; and that prior to the administrator's report being filed a summary procedure be established for a reply to the report by the Trustee, the bankrupt and/or his agents.

OBLIGATIONS IMPOSED UPON OFFICERS AND DIRECTORS

(a) LIABILITY FOR DEFICIENCY IN BANKRUPT ESTATE

Section 176 (1) of Bill C-60 provides that an agent is liable for any deficiency in an estate if the agent in his own interest or in the interest in someone related to him caused the bankrupt corporation when insolvent:

- (i) to carry on business or to enter into a transaction which could not reasonably be considered to be in the interest of the bankrupt;
- (ii) to refrain from carrying on business or from entering into a transaction that at the time would have reasonably been considered to be in the interest of the bankrupt corporation;
- (iii) to continue a business by resorting to sales below cost, ruinous borrowings, or similar acts in circumstances where it was not reasonable to expect that bankruptcy could be prevented, or
- (iv) to conduct a business with a view to impeding, defrauding, obstructing or delaying the creditors of the corporation generally.

An agent is defined in Bill C-60 to include an officer or director of a corporation, the controlling shareholder of a corporation or a person who performed the functions of an officer of a corporation. Section 2. An agent is not liable if at a later time he can prove the debtor was insolvent, the debtor was able to pay his debts and the debtor was paying his debts generally as they become due. Section 176 (3). The liability of the agent is limited to the amount of the loss or damage caused to the estate. Section 178. These sections are new and impose civil liability on persons who

are abusing the corporate veil to their own advantage and to the detriment of the creditors of the company. The provisions of Section 176 are applicable if the agent for his own advantage caused the corporation to do a legal act which was not in the best interests of the corporation. The term "in his own interest" is imprecise. In many cases an agent will also be a shareholder of the corporation and an attempt to restore the corporation to financial health is always in the interest of a shareholder. Any step taken by a shareholder to avoid bankruptcy of the corporation could be interpreted to be in the interest of that person. Directors may be reluctant to attempt to rejuvenate a failing corporation if at a later time they could be held responsible for the failure of their efforts.

The term "agent" may also include a receiver or manager appointed by the court or by a creditor to carry on the business of the company. If such a person acts in his own personal interest, he should be subject to the same sanctions as an officer or director of the company. He should not be subject to such sanctions if he acts solely in the interests of the corporation. It has been suggested that the words "someone related to him" could be interpreted as meaning the company for which he is acting as receiver or manager. It is clear that it is not the intention of the section to impose an obligation on a receiver and manager who acts in good faith in what he considers the best interests of the corporation.

RECOMMENDATIONS

1. The phrase "in his own interest" should be clarified in order to establish that it does not include any benefit enjoyed by the agent and others in their capacity as shareholders of the company.

2. The words "other than the corporation" should be inserted after the words "or the interest of someone related to him" in order to clarify the fact that the person related to the agent must be someone other than the corporation.

3. Sub-sections 1(a), (b), (c) and (d) of Section 176 should use similar language. We would recommend that Section 176 (1)(a) read as follows:

"to carry on business in a manner that, at the time, would not have reasonably been considered to be in the interests of the person."

Sub-section (b) would read:

"to enter into a transaction that, at the time of the transaction, would not have reasonably been considered to be in the interests of the person."

Sub-section (c) would read as follows:

"to refrain from carrying on business in a manner that, at the time, would reasonably be considered to be in the interests of the person."

Sub-section (d) would remain the same.

(b) IMPOSING THE STATUS OF A BANKRUPT

At the present time, an officer or director of a bankrupt company is only subject to censure if a criminal offence or an offence under the Bankruptcy Act can be proven. An officer or director of a bankrupt company may set up a

similar business as the business carried on by the bankrupt corporation using information and contacts acquired while running the bankrupt corporation. On the other hand, an undischarged individual bankrupt is guilty of an offence under Section 170 of the present Bankruptcy Act if he carries on a business without disclosing to each person he deals with that he is an undischarged bankrupt. He is also guilty of an offence if he obtains credit, other than the supply of necessities, for a total of more than five hundred dollars (\$500.00) without disclosing he is an undischarged bankrupt. No civil disability is placed on contracts between bankrupt and third parties.

Bill C-60 attempts to rectify the present inequities between the restrictions imposed upon an individual who personally goes bankrupt and the lack of restrictions imposed upon officers and directors of bankrupt corporations. It provides that an agent of a corporation may be deemed a bankrupt for the purposes of Sections 210 to 217 and Section 359 if he is found by the court to be primarily responsible for the bankruptcy or if he substantially aggravated the insolvency or if any of the circumstances under Section 200 are proven. An agent of a corporation who is found guilty of culpable conduct is punished by being subject to the same restrictions as an individual who has gone bankrupt. Such an order will be effective for five years from the date of the bankruptcy of the corporation. Section 221 (3)(c).

These sections create an absurd situation. A person who is solvent and able to pay his debts in full is declared to have the status of a bankrupt. They are also very rigid in their nature. The court is not given any discretion in making the order declaring the agent to have the status of a bankrupt.

No variation in the length of time during which the deemed bankrupt's status is imposed is permitted. No flexibility in the sanctions imposed is allowed. In addition, the restrictions imposed upon undischarged bankrupts generally are very cumbersome. They impose penalties on third parties dealing with a bankrupt. For example, a person extending credit to a bankrupt directly or indirectly for the purpose of assisting him in carrying on his business cannot enforce repayment of the debt unless the lender can prove he extended such credit in good faith. Section 211. Failure to inquire whether the other party to the agreement is a bankrupt is not proof of bad faith. Section 213. An unfair and unnecessary burden is imposed on credit grantors. An undischarged bankrupt could receive credit and subsequently refuse to repay the debt by alleging that the lender was aware of the fact that he was an undischarged bankrupt when the debt was incurred. This type of abuse of the Bankruptcy Act should not be permitted. Restrictions created by the status of a bankrupt should only be imposed upon the bankrupt himself and should not derogate from the rights of third parties.

The most common complaint concerning bankruptcy is that a person may go bankrupt but still carry on the same business. This may be accomplished by the use of a corporation or by a bankrupt working for his wife, under the present law.

RECOMMENDATIONS

1. The concept of deeming an officer or director of a bankrupt corporation to be a bankrupt should be deleted.
2. An officer or director of a bankrupt corporation who has been guilty of culpable conduct with respect to the affairs of the bankrupt corporation should have sanctions imposed upon him similar to those sanctions which may be imposed on an individual bankrupt who is guilty of improper conduct.
3. The sanctions imposed upon a bankrupt should not derogate or affect the rights of third parties.
4. The complicated civil sanctions imposed upon an undischarged bankrupt as set out in Sections 210, 211, 212, 213 and 214 of Bill C-60 should be deleted.
5. An undischarged bankrupt and an agent for a bankrupt corporation should be prohibited from directly or indirectly carrying on the same or similar business to that carried on by the bankrupt for a period of two years from the date of bankruptcy. This prohibition would be automatically imposed upon the making of the bankruptcy order without the necessity of an investigation by the administrator. The court should have the power to reduce the period of prohibition or to remove that prohibition if the conduct of the bankrupt or agent was not subject to censure. The court should also have the power to extend the period of prohibition.
6. If a court found that the conduct of a bankrupt or the conduct of an agent of a bankrupt corporation was subject to censure, the following restrictions may be imposed by the court for such period of time as the court may determine:
 - (a) He shall not be entitled to act as an officer, director or agent of a corporation;
 - (b) He shall be prohibited from directly or indirectly managing or carrying on any type of business.Such an application could be brought by the administrator, the trustee or a creditor.
7. An individual bankrupt should be required to disclose the fact that he is subject to an order of the court vesting in the trustee the whole or part of his income or property to:
 - (a) all persons with whom he incurs debts in the course of carrying on a trade or business, and
 - (b) all persons from whom he obtains credit to the extent of \$500.00 or more.
8. A bankrupt or agent of a corporation who fails to follow these restrictions should be guilty of an offence punishable on summary conviction.

MEETINGS OF CREDITORS

Section 87 of the Bankruptcy Act provides that a creditor is entitled to vote at any meeting of creditors if he has deposited with the trustee a proof of claim at any time prior to the time appointed for the meeting. The Bill provides that in order to vote at a first meeting of creditors a creditor must file a proof of claim "at least one clear day before the date fixed for the meeting".

The Bankruptcy Act provides that voting at a meeting of creditors be calculated as follows:

- (a) *One vote* for every claim of over twenty-five dollars and not exceeding two hundred dollars;
- (b) *Two votes* for every claim of over two hundred dollars and not exceeding five hundred dollars;
- (c) *Three votes* for every claim of over five hundred dollars and not exceeding one thousand dollars;
- (d) *Three votes* for every claim of one thousand dollars and *one additional vote* for each additional one thousand dollars or fraction thereof.

The Bill provides that voting at a meeting of creditors will be calculated on the basis of one vote for every claim of \$1,000 or less and one additional vote for each additional \$1,000 or part thereof.

Section 94(4) of the Bankruptcy Act provides for the creditors or the inspectors to fill any vacancy on the board of inspectors. The Bill provides that the only mechanism for filling a vacancy on the board of inspectors is through a meeting of creditors.

RECOMMENDATION

1. We are of the opinion that the requirement to file a proof of claim "at least one clear day before the date fixed for the meeting" may be an onerous burden placed on the creditors and accordingly recommend that the creditor should be entitled to vote provided he files a claim up to the time called for the meeting and at the place the meeting is held. This method which is provided in the present Bankruptcy Act has not placed any undue hardships on the creditors and on the chairman of the meeting.

2. We recommend that voting be based on the actual dollar value of the claim allowed by the chairman of the meeting for purposes of voting.

3. We are of the opinion that the filling of a vacancy on the board of inspectors by a meeting of creditors is a costly and unnecessary expense to the bankrupt estate and recommend that the present practice continue whereby a vacancy on a board of inspectors can be filled by a meeting of inspectors.

BOARD OF INSPECTORS

Bill C-60 continues the practice of the present Bankruptcy Act which provides that a meeting of creditors 5 representatives from the trade and service creditors may be elected to the board of inspectors. Bill C-60, however, goes further and provides that in addition the Superintendent may appoint an inspector where Her Majesty in right of Canada has filed a claim which has not been disallowed and where Her Majesty in right of a province has filed a claim which has not been disallowed. In addition, the Superintendent may appoint a Supervisor of an estate who shall exercise surveillance over the administration of the estate by the Trustee.

Section 294(4) provides that at every meeting of inspectors a chairman be appointed.

Section 295(2) requires a meeting of creditors to be called to fill vacancies on the board of inspectors.

RECOMMENDATION

1. We are of the opinion that the maximum number of inspectors in an estate should be 5 and that representatives of the Crown must be elected by the creditors to be an inspector. Also, the position of Supervisor should be eliminated and in its stead the Trustee should be required to send notices of all meetings of inspectors to the Bankruptcy Administrator, who may designate a person to attend such meetings of inspectors as he deems necessary.

2. In our opinion, the present provision where a Trustee is a chairman of inspector meetings works well and should be continued.

3. We are of the opinion that implementation of the provision of Section 295(2) will result in an unnecessary expense and vacancies should be filled by the surviving inspectors on any estate.

4. In addition to the powers of inspectors, we recommend that the Trustee must present annually for approval to the inspectors a statement of receipts and disbursements on his administration, which statement or a summary thereof when approved should be forwarded for information purposes to all known creditors in a file.

ORDER OF PRIORITY

The present Bankruptcy Act provides for claims of the Crown to be paid in priority to unsecured creditors. It is generally felt that this is the reason for creditor apathy in the administration of a bankrupt estate. Bill C-60 removes the preferred position of claims of the Crown save and except for the right of the Crown to monies held in trust.

Section 254(1)(i)(vi) of Bill C-60 defers all claims for interest in excess of five per cent which may be owing prior to the date of bankruptcy. Section 257(2) requires the trustee to review any account which was settled between the debtor and the creditor within three years prior to the date of the bankruptcy to determine if interest at a rate in excess of five per cent has been charged. This provision is most unrealistic and will create an administrative nightmare. Why is the rate of five per cent chosen when the rate of interest presently charged by the Bank of Canada is nine and one half per cent per annum? Section 249(2) of Bill C-60 already gives the trustee the right to disallow all or part of a claim if the cost of money borrowed by the debtor is excessive or the terms of the transaction are harsh or unconscionable.

Section 254(1)(j) which is the last subsection in the order of priority provides for the payment of interest at the rate of five per cent from the date of the bankruptcy or the date of the filing of a proposal. Your committee is of the opinion that the payment of such interest to ordinary creditors should have priority over the payment of the claims set out in Subsection 254(1)(i) such as a claim arising from a gift, Subsection 254(1)(i)(iii). It is very

doubtful as to whether the type of claims set out in Subsection 254(1)(i) should even rank as claims.

RECOMMENDATIONS

1. Your Committee concurs with the removal of the preferred position of claims of the Crown.

2. Subsections 254(1)(i)(vi), 257(2), 257(3), and 257(4) should be deleted.

3. Subsection 254(1)(j) which provides for payment of interest after the date of bankruptcy should have priority over Subsection 254(1)(i). The order of priority of the subsections should be reversed.

DISCHARGED OF DEBTS

One of the purposes of the Bankruptcy Act is to provide an insolvent person with relief from the burden of his debts. Under Section 148 of the Bankruptcy Act, once discharged a bankrupt is released from the following debts:

- (a) any fine or penalty imposed by a court or any debt arising out of a recognizance or bail bond;
- (b) any debt or liability for alimony;
- (c) any debt or liability under a maintenance or affiliation order or under an agreement for maintenance and support of a spouse or child living apart from the bankrupt;
- (d) any debt or liability arising out of fraud, embezzlement, misappropriation or defalcation while acting in a fiduciary capacity;
- (e) any debt or liability for obtaining property by false pretences or fraudulent misrepresentation;
- (f) liability for the dividend that a creditor would have been entitled to receive on any provable claim not disclosed to the Trustee, unless such creditor had notice or knowledge of the bankruptcy and failed to take reasonable action to prove his claim; or
- (g) any debt or liability for goods supplied as necessities of life and the court may make such order for payment thereof as it deems just or expedient.

Section 233 of Bill C-60 provides that the bankrupt is not released from the following debts:

- (a) a fine or penalty imposed by a Court;
- (b) a debt arising out of a recognizance or bail bond;
- (c) a liability to pay maintenance and support in respect of another person for a period subsequent to the date of bankruptcy or the filing of a proposal.

Your committee does not support the provisions of Bill C-60 which have the effect of releasing a bankrupt from debts for fraud or necessities of life. The release of a bankrupt from debts incurred as a result of fraud could lead to very serious abuse. The release of a bankrupt from debts for necessities of life might prevent a person from obtaining credit for such necessities in a time of need.

Your committee considers the provisions of the present Bankruptcy Act with relation to those debts which are not discharged by a bankruptcy satisfactory. However, a bank-

rupt who receives his discharge is left in the uncertain position of being unaware of whether or not a creditor is intending to allege that a particular debt is not discharged by the bankruptcy.

RECOMMENDATIONS

1. The present provisions of the Bankruptcy Act should be retained subject to the removal of the anomaly that only debts for *goods supplied* as necessities of life are not discharged. All debts incurred for goods supplied or services rendered for necessities of life should not be discharged.

2. If a creditor seeks to establish that the debt owing to him by the bankrupt is not discharged by the bankruptcy he should be required to file a notice of opposition to the discharge of the bankrupt. The failure to file such a notice shall have the effect that such a debt and all other debts of the bankrupt outstanding at the date of the bankruptcy shall be discharged with the exception of those debts listed in Section 233 of Bill C-60. Upon the filing of such a notice of opposition the court should direct a trial of an issue before the Registrar or any judge or officer of any of the courts of the province in order to determine whether or not the particular debt is discharged by the bankruptcy. The order of discharge should set out any debts for necessities or incurred as a result of fraud which are not discharged.

STOCKBROKERS

The present Bankruptcy Act does not contain provisions which apply specifically to stockbrokers or to the administration of the estates of bankrupt stockbrokers. However, such bankruptcies have given rise to many unique and difficult problems. Three situations generate most of these problems:

- (a) Property held in safekeeping or "segregation".

This is property of the client which is left in the possession of the stockbroker for the convenience of both the client and the stockbroker. It is normally, but not always, identified specifically to one client and the relationship is one of bailment or trust.

- (b) Property in transit.

A stockbroker may be indebted to his customer with respect to funds provided for the purchase of securities or resulting from the sale of securities or the stockbroker may have received securities which are to be sold or which have just been purchased. Such funds or securities are normally referred to as "property in transit".

- (c) Property provided to the stockbroker to secure indebtedness.

Some clients borrow money from stockbrokers for security transactions and pledge securities as collateral security therefor. These pledged securities are put into transferrable form by the client. The stockbroker will borrow funds from a bank and pledge these securities as security for such loans. There is no allocation with respect to an individual client when the securities are pledged to a bank.

At the time of a bankruptcy, the bank will sell the most marketable securities held by it. These may be securities of clients which are in default to the broker, but in many cases they are securities of clients who are not in default. When the trustee takes possession, he is often faced with books of account which do not reflect the current status of transactions and deliveries, improper realization and, at times, improper segregation or misuse of securities in safekeeping. Although the property in safekeeping is technically not part of the estate of the bankrupt stockbroker, the trustee is reluctant to return securities to clients until he is certain that they are solely the property of that client. This has caused trustees to seek court approval before dealing with the securities. The result has been substantial time delays and significant expense. This problem is compounded by the volatile nature of the securities market and the potential damages caused by such delays. In most cases when a trustee has brought such an application to the court, the equitable doctrine of tracing has been applied.

A second area of difficulty arises because some clients have had their securities sold by the bank while others have not. The courts have attempted to deal with this problem in several ways. One method has been to decide that tracing is not applicable to securities which have been endorsed into transferrable form and pledged to a financial institution. The effect of this has been to put all of those clients on an equal footing with one another and with the creditors of the stockbroker. The assets of the firm, including any pledged securities which have been returned, are divided equally among such clients and creditors. Another method has been to adopt the concept of "sharing the burden of the loss". In that case, the proceeds of the returned securities are allocated among all the clients having pledged securities.

Bill C-60 contains specific provisions relating only to the bankruptcy of a stockbroker. The Bill attempts to solve the problems created by the application of the doctrine of tracing and by the sale of pledged securities by means of the simple expedient of vesting *all* assets of clients held by the stockbroker in the trustee. A separate fund is established which consists of all money and securities in the possession of the stockbroker at the date of the bankruptcy. Such securities and moneys are treated in the same manner, although they may be held for numerous different purposes and under various differing legal relationships. Clients of the stockbrokers who have claims against the stockbroker for the delivery of securities or the payment of money will have a first claim against the fund after payment of administrative costs. Section 310. The Bill differentiates between normal clients, (which the Bill refers to as "customers"), members of the firm who were trading in securities, ("related customers"), clients who had contributed to the bankruptcy ("deferred customers"), and trade creditors. The Bill creates an order of priorities for each of these groups against the pool of money and securities held by the stockbroker, with the normal customers having first priority and the deferred customers last.

RECOMMENDATIONS

1. Where securities are in safekeeping or "segregation", they should not be treated as assets of the stockbroker. Those securities should be returned to the clients as quickly and as inexpensively as possible. In most cases there is little difficulty in determining which securities are in safekeeping and to whom they belong.

This recommendation is not intended to continue the cumbersome concepts of tracing. The rights of the trustee to return securities under these circumstances should be strictly limited to securities in "safekeeping" which should be defined in the Bill. Securities in transit should not fall within this definition.

2. Securities belonging to related or deferred customers should vest in the trustee in bankruptcy for the benefit first of customers whose securities are lost or misplaced or whose pledged securities have been sold, and subsequently in the order of priorities provided in the Bill.

3. The following provision should become applicable if a compensation or contingency fund established by the securities industry is in existence and participates in a bankruptcy. Where such a contingency fund is in existence and participates in a bankruptcy, its involvement is normally either:

- (i) to guarantee the bank indebtedness or the stockbroker so that the bank will not realize on its security and there will not be a shortfall, or
- (ii) to reimburse individual customers with respect to any shortfall resulting from the sale of pledged securities or from any loss or misappropriation of securities or money.

Customers with claims for securities in transit should be treated in the same fashion as customers whose securities were delivered to the stockbroker to secure the indebtedness of the customer to the stockbroker. All such customers should share equally in the money and securities in the possession of the trustee at the date of bankruptcy save and except the securities held by the stockbroker in safekeeping which should be returned to the customer by the trustee as soon as possible after the bankruptcy has occurred. The concept of a special customers' fund should be maintained to give the customer whose securities were not in safekeeping the greatest possible protection. This would result in a general sharing of the burden of the loss among such customers and simplify administrative problems.

There are a number of problems to this approach. The first of these is to determine what kind of contingency fund should permit the use of this provision. Provincial securities legislation refer to compensation funds or contingency trust funds required in respect of registrants under such legislation. If such a fund is satisfactory for the purposes of that legislation, it should be considered to qualify for the purposes of the Bankruptcy Act.

A second difficulty is the determination by the trustee in Bankruptcy of when the contingency fund has become committed to involvement in a bankruptcy. Such a fund should be required to do some overt act to establish its

involvement. Once it becomes involved, the claims of all customers, other than related and deferred customers, should be satisfied by the assets of the stockbroker and the fund. The securities in safekeeping would be returned to the customers immediately. Any deficiencies arising with respect to securities in transit, proceeds of pledged securities or securities which have been lost, misappropriated or misplaced should be made up by the contingency funds. Thus, the customers would be completely protected.

The specific commitment that a trustee in bankruptcy would require from the fund would be for it to either guarantee all bank indebtedness or to undertake that all customers other than related or deferred customers were fully compensated at the conclusion of the bankruptcy for any loss suffered as a result of the bankruptcy.

4. If no contingency or compensation fund was in existence or if such fund could not or did not participate, the following provisions would apply:

- (a) All securities in safekeeping would be returned to the customers.
- (b) Customers who are able to trace their securities using tracing rules specifically set out in the Bill would be entitled to receive all the securities which they could trace. A codification of the rules relating to tracing would alleviate the necessity of the trustee in bankruptcy spending time and money to obtain court approval with respect to all but the most unusual situations. This would result in a more rapid and less expensive resolution of stockbroker bankruptcies.

The rules of tracing should be based on the following principles:

- (i) Securities which are "in transit" may be claimed where they can be identified or traced to the customer.
- (ii) Where the securities of a particular type on hand equal or exceed the claims of customers, other than related and deferred customers, for securities of that type, the securities would be returned.
- (iii) Where the securities of a particular type on hand are less than the claims of customers, other than related and deferred customers, for securities of that type, a pro rata distribution of the securities on hand would be made.
- (c) All other moneys and securities of all customers, including related and deferred customers and the stockbroker would be pooled and either liquidated or used in specie at their values as at the date of the bankruptcy. The distribution of the proceeds and/or the securities would be made to all customers, other than related and deferred customers, on a pro rata basis.

INSURANCE

Part III of the Winding Up Act of Canada applies to the liquidation of insolvent insurance companies. The present Bankruptcy Act specifically excludes insurance companies from the definition of corporations to which the Bankrupt-

cy Act applies. Section 2(f). Section 162 of the Winding Up Act provides that claims against an insolvent insurance company shall be paid in the following order of priority:

- (a) costs of liquidation
- (b) claims of preferred creditors
- (c) if no reinsurance is effected, claims under policies and claims for the value of policies rateably
- (d) if there is reinsurance, *first* claims under policies, *secondly* claims for the cost of reinsurance.

Bill C-60 contains Part VIII, a separate part, which is only applicable to insolvent insurance companies. It permits the federal or a provincial superintendent of insurance to act as a trustee of a bankrupt insurance company. A provincial superintendent of insurance may act as trustee in respect of a company incorporated pursuant to an Act of a provincial legislature if the company is not registered under the Canadian and British Insurance Companies Act. The federal superintendent of insurance may act as trustee of all other insurance companies carrying on business in Canada. Different sections apply to the distribution of assets of a life insurance company and insurance companies which are other than life insurance companies (non-life insurance companies) Section 340(1) and 341 (1). Under Bill C-60 the assets of a bankrupt life insurance company shall be applied in the following order or priority:

- (a) debts incurred by an interim receiver or a trustee while carrying on the business of the debtor
- (b) the costs of administration
- (c) the following claims rateably:
 - (i) claims under policies
 - (ii) claims for value of policies
 - (iii) claims for proceeds of settlements left on deposit
- (d) claims of all other creditors in order of priority of Section 254(1).

The assets of a bankrupt non-life insurance company are distributed differently. After similar provision for the payment of business debts incurred by a trustee or an interim receiver and the costs of administration, the following is the order of priority:

- (a) claims arising out of the liability of the insurance (third party liability claims)
- (b) other types of claims under a policy
- (c) claims for the value of subsisting policies
- (d) claims of all other creditors in order of priority of Section 254(1).

Your Committee is of the opinion that in the case of non-life insurance companies third party liability claims should not be paid in priority to other claims arising under a policy such as a fire loss claim. The policy holder who has suffered a fire loss deserves the same protection as a policy holder involved in a motor vehicle accident.

A concern has been expressed that the bankruptcy of an insurance company could be caused by a catastrophic loss to one large insured. With the provision that all claimants are paid rateably the small claimants would be required to absorb the loss which should have been reinsured. To relieve the small claimants of this burden, it has been suggested that third party liability claims against non-life

insurance companies should be subject to a limit of \$50,000 in any one occurrence.

Your Committee is of the opinion that imposing a maximum limit on the amount of a third party liability claim payable out of the assets of a non-life insurance company places too great a hardship on the policy holder who expected to be fully protected. Even if his claim is allowed in full he might suffer a loss if the assets are not sufficient to pay all the claims in full. To impose upon him an additional loss by virtue of the fact that only a third party claim up to \$50,000 would be allowed priority seems unjust and inequitable.

RECOMMENDATIONS

1. With respect to a non-life insurance company, third party liability claims should rank rateably with other types of claims under a policy. This maintains the law as it presently exists under the Winding Up Act.

2. Claims for the value of subsisting policies should be subordinated to claims arising under a policy issued by a non-life insurance company.

RECEIVERSHIPS

Many sophisticated lenders require the borrower to issue a debenture as security for the repayment of the loan. Most debentures contain a floating charge on all the property, assets and undertaking of the borrower. The most effective way of enforcing this type of security is the appointment of a receiver and manager who takes possession of all the assets of the debtor and proceeds to realize upon them to satisfy the debt owing to the debenture holder. Similar security is available in the Province of Quebec under the Special Corporate Powers Act using a trust deed which is enforced by the appointment of an agent. Such a person comes within the definition of receiver in Section 342 of Bill C-60.

In the present Bankruptcy Act there are no provisions specifically relating to receiverships. The general law relating to secured creditors is applicable. It permits a secured creditor to proceed with the realization of the assets of the debtor unless the trustee intervenes and obtains a court order staying proceedings by the secured creditor. A common complaint by an ordinary creditor is that he is unable to obtain information about the receivership and the disposition of the assets of the debtor. It is most important that an equitable balance should be maintained between the right of a secured creditor to have his indebtedness repaid within a reasonable time in the event of default by the debtor and the rights of the trustee and the creditors to obtain the maximum amount from the sale of the assets of the debtor.

Bill C-60 attempts to solve these problems by making all receiverships subject to the order of the court (Section 343 and 344). These sections are applicable whether or not the receiver was appointed by an order of the court. The powers granted to the court are extremely broad and include the power to abrogate or modify the terms of the original security agreement. Section 343 (3). The court may

make any order it thinks fit. Section 344. No restrictions or guidelines are imposed upon the discretion of the court.

Your Committee is of the opinion that the provisions of Sections 343 and 344 are unduly restrictive with respect to the rights of secured creditors to enforce the security held by them in accordance with its terms. We are in agreement with the provisions which improve the right of a trustee or a creditor to obtain information from a receiver.

RECOMMENDATIONS

1. The Bill should stipulate a standard of conduct which a secured creditor or a receiver is required to adopt in realizing on security and out of which he cannot contract. We would recommend that the secured creditor or receiver should be required to act in a commercially reasonable manner with respect to matters relating to realizing upon the property of the debtor. If a secured creditor or receiver deviates from such a standard he would be liable to the trustee for any damages suffered.

2. The provisions of Section 242(1) of Bill C-60 which provide the trustee with the right to apply to the court for an order postponing realization by a secured creditor should also be applicable to realization by a receiver.

3. Sections 343 and 344 of Bill C-60 should be deleted.

4. The court should have the power to tax the remuneration and the expenses of the receiver and to order the receiver to pay to the trustee any surplus funds realized from the assets of the debtor.

COURTS

(a) REGISTRAR IN BANKRUPTCY

Bill C-60 continues the present practice of giving the Supreme or Superior Court of the province or territory where the bankruptcy occurs the right to adjudicate on bankruptcy matters. It also gives the Minister of Consumer and Corporate Affairs with the concurrence of the Minister of Justice the power to authorize a judge of a county court to exercise any or all of the powers of the Supreme or Superior Court in bankruptcy matters.

The position of registrar in bankruptcy has been abolished and matters previously decided by the registrar will be heard by officers and judges of the trial division of the Supreme or Superior Court of the province and by the bankruptcy administrator. As a result, the adjudication on bankruptcy matters will be delayed because in most cases the regular civil court process takes longer to determine an issue than the length of time taken by the registrar under the present system. At the present time the registrar in bankruptcy gives precedence to urgent bankruptcy matters, such as the appointment of an interim receiver and the making of a receiving order when a petition in bankruptcy is not disputed. It is unlikely that the officers and judges of the Supreme or Superior Court hearing all types of civil matters will be able to give these bankruptcy matters the same precedence.

Appeals from the disallowance of claims by the trustee will be heard by the regular civil trial division of the

courts. This will delay the winding up of estates and the payment of final dividends because in most cases the length of time for a civil matter to come to trial is much longer than the length of time taken by the registrar to decide cases involving the disallowance of claims. The usual civil procedure for hearing appeals from disallowance of claims is more complicated and elaborate than the procedure followed in most instances by the registrar. This will also delay the final adjudication and increase the legal costs involved in the proceedings.

Judicial matters, such as determining the amount of the remuneration of the trustee and the solicitor have been delegated to the bankruptcy administrator who most likely will not have a legal background or judicial training. The present system using the registrar in bankruptcy to decide minor judicial matters is working efficiently and economically. No valid reason has been given for the abolishment of the present system which uses registrars in bankruptcy. It is most unlikely that the provincial authorities administering justice will give priority to bankruptcy matters.

The registrar under the present Bankruptcy Act is appointed by the Chief Justice of the province and has independent status subject only to an appeal from his decision. At the present time there is no statutory requirement that the office of registrar must be filled by a lawyer but this has been the practice in most provinces.

Under Bill C-60 the bankruptcy administrator will be appointed by the Superintendent of Bankruptcy and will be subject to the control and general direction of the Superintendent. Section 12 (b). This will prevent the administrator from appearing to have an independent status when he is required to adjudicate upon controversial matters.

RECOMMENDATIONS

1. The office of the registrar in bankruptcy should be retained. The registrar should continue to perform functions similar to those being performed at the present time, such as:

- (a) adjudicating on unopposed matters;
- (b) the appointment of an interim receiver;
- (c) ruling on disallowance of claims;
- (d) setting the remuneration of the trustee, interim receiver and accountant;
- (e) taxation of the costs of realization of a secured creditor including the costs of a receiver;
- (f) taxation of solicitors' accounts;
- (g) hearing matters relating to practise and procedure;
- (h) hearing trials of issues referred to him by a judge of the Supreme or Superior Court;
- (i) settling and signing orders and judgments.

2. The office of the registrar should maintain its traditional independence and should be free from outside direction and control.

3. The office of registrar should only be filled by a lawyer.

(b) DESIGNATION OF A BANKRUPTCY JUDGE

Section 155 (1) of the present Bankruptcy Act is omitted from Bill C-60. It provides that the Chief Justice of a province may nominate one or more judges of the Supreme or Superior Court to exercise the judicial powers and jurisdiction conferred by the Bankruptcy Act. In the provinces with the largest number of bankruptcies, Ontario and Quebec, specific judges have been designated to hear bankruptcy matters. This has resulted in bankruptcy matters being set down for a hearing by these judges in priority to regular civil matters. This is very important since many bankruptcy matters such as a hearing of a disputed involuntary petition require urgent adjudication and should not be delayed until adjudicated upon in the normal civil process. In addition, the judges designated to hear bankruptcy matters have developed a familiarity or expertise in deciding bankruptcy matters.

RECOMMENDATION

The present system whereby the Chief Justice of a province may designate specific judges to hear bankruptcy matters should be continued.

(c) POWERS OF THE COURT

(i) to Discharge the Bankrupt

Under the present Bankruptcy Act, every bankrupt must apply to the court for his discharge. Notice of the application for discharge is given to each creditor who has filed a claim with the trustee. The creditor has the right to attend in court and oppose the discharge. This procedure is a serious waste of time and effort in the majority of cases where there is no opposition to the discharge.

Bill C-60 attempts to solve the problem by providing that an individual ceases to be a bankrupt after ninety days elapses from the date of bankruptcy if the administrator has not filed a caveat. Section 221 (1). The right to make the initial determination of whether a bankrupt is entitled to be discharged from bankruptcy has been transferred from the court to the administrator.

No allowance is made for a trustee or a creditor to oppose the bankrupt's discharge. If the bankrupt is discharged from bankruptcy the court does not have the power to order him to pay a portion of his earnings to the trustee for distribution among his creditors or to vest in the trustee property acquired by the bankrupt after the date of his bankruptcy.

Under Bill C-60 the bankrupt is protected because he has the right to appeal to the court from a decision of the administrator to refuse to grant the bankrupt a discharge. No similar right of appeal from the administrator's decision is given to the trustee or to a creditor.

RECOMMENDATIONS

1. Bill C-60 provides that upon his discharge, the bankrupt is entitled to a certificate of non-responsibility. The

more accurate description of the procedure in our view would be achieved by the use of the term "discharge" as in the present Bankruptcy Act.

2. The ninety day period provided in Bill C-60 for the filing of a caveat by the administrator is too short a period of time in our view. If a notice of opposition has not been filed within six months after the date of the bankruptcy a certificate of discharge should be issued without an order of the court.

3. The creditors and the trustee in bankruptcy should be given the right to oppose the discharge of the bankrupt along with the bankruptcy administrator.

4. If a notice of opposition is filed, the trustee must apply for a date for the hearing of the bankrupt's application for discharge and notice of the date of hearing must be given to the person filing the notice of opposition and to the bankrupt.

5. Each creditor and the administrator would be given thirty days' notice by the trustee of the fact that the bankrupt would be entitled to a certificate of discharge automatically unless a notice of opposition was filed.

6. The court upon an application for discharge could:

- (a) suspend the granting of the certificate of discharge for any period of time up to a maximum of five years;
- (b) order the bankrupt to pay a portion of his future earnings to the trustee for distribution among his creditors, provided that the amount to be paid shall leave the bankrupt with earnings not less than the amount of the earnings which are exempt from seizure under provincial law.

(c) POWERS OF THE COURT

- (ii) To Authorize an Advance to the Trustee or Solicitor on Account of his Remuneration

Section 13(3) of the present Bankruptcy Act provides that a trustee can only receive an advance on account of his remuneration with the permission of the inspectors or the court. By directive to the trustees, the Superintendent of Bankruptcy has stipulated that the trustees must obtain the permission of the court rather than the permission of the inspectors. Section 38 of Bill C-60 provides that the administrator may authorize payment to an interim receiver, a trustee, a solicitor or an accountant of an advance on his remuneration.

RECOMMENDATIONS

1. The present practise of requiring the trustee to obtain court approval of an advance on account of his remuneration should be retained.

2. A similar approval of the court should be required for an advance to a solicitor.

(iii) Taxation of Accounts

(a) *Accounts of Trustee*

The present Bankruptcy Act provides that the accounts of a trustee for services rendered to the bankrupt estate must be taxed by the court. The trustee prepares his final statement of receipts and disbursements and submits it to the Superintendent of Bankruptcy for his comments. Then he applies to the registrar to have the statement of receipts and disbursements approved. Included in the statement of receipts and disbursements is the amount claimed by the trustee for his remuneration. After the registrar approves the statement of receipts and disbursements, it is sent to all creditors and they have fifteen days to object to the final statement. This objection is heard by the registrar. If there is no objection, the trustee applies to the registrar for an order discharging him as trustee.

This procedure is cumbersome and involves duplication of effort. Both the Superintendent and the registrar are required to peruse each item in the accounts of the trustee. The creditor is also at a disadvantage when he opposes the trustee's final statement of receipts and disbursements because it has already been approved by the registrar.

Bill C-60 transfers the power to tax accounts of the trustee to the bankruptcy administrator with the right of appeal to the court. Sections 37 and 45. This is an attempt to eliminate the present duplication of work. However, fixing the amount of the remuneration of the trustee, if it is contested, is a judicial function as opposed to an administrative function. In many instances there is no dispute over the amount of the remuneration. In these cases, it should be unnecessary to have the accounts taxed by the court. The court should only become involved in taxing the accounts if any interested party, including the administrator, objects to the amount of the remuneration claimed.

RECOMMENDATIONS

1. The trustee should prepare his final statement of receipts and disbursements and insert therein the amount claimed for remuneration. A copy of this statement should be sent to all creditors and to the bankruptcy administrator for the district. If there is an objection by a creditor and/or the administrator, the trustee must apply to the court for an order fixing the amount of his remuneration. Notice of the application and all supporting material should be served on the person filing the notice of opposition at least ten days prior to the date of the hearing.

2. If there is no objection to the statement of receipts and disbursements, the trustee should be entitled to apply ex parte to the administrator to have his accounts taxed. Upon the passing of the accounts the administrator would not have the power to vary the amount claimed for remuneration. If the administrator is satisfied that the accounts are correct, he would issue a certificate of termination which would certify that the appointment of the trustee has been terminated.

(b) *Accounts of Solicitors*

The present Bankruptcy Act and Rules require that all accounts of solicitors in excess of \$50.00 for services rendered to a bankrupt estate be taxed by the court. This

taxation is performed by the registrar with a right of appeal to the bankruptcy court judge.

Bill C-60 has transferred this power of taxation of a solicitor's fees where such fees are not fixed by the court to the bankruptcy administrator. Section 37. There is a right of review by the Superintendent at the request of the solicitor and the right of appeal to the court. Sections 41 and 45.

In many instances there is no dispute as to the amount of the fees claimed. In these cases the burdensome procedure of taxation should not be required.

RECOMMENDATION

The account of a solicitor for services rendered to the bankrupt estate should be submitted to the trustee and to the administrator. If either party objects to the amount of the account within fifteen days, the solicitor must take out an appointment for taxation of the account by the court. Notice of the appointment should be served upon the trustee and the administrator at least ten days prior to the date of hearing. If no objection to the account is served, the account should be paid by the trustee as soon as sufficient funds are available.

(iv) Control Over the Administrator

Section 19 of the present Bankruptcy Act provides that the court has the power to control and overrule the acts and decisions of a trustee. Bill C-60 continues this provision. Section 383. However, Bill C-60 grants many additional powers to the administrator but there is no provision for any review of the decisions of the administrator by the court.

RECOMMENDATION

The court should be given the power to review and overrule the decisions of the administrator upon the application of the bankrupt, any of the creditors or any other person who is aggrieved by his decision. This power should not apply to decisions of the administrator in routine administrative matters.

CONCLUSION

Bill C-60 represents the culmination of many years of study of bankruptcy and insolvency matters which are necessarily very complex. Your Committee was of the opinion that a detailed review and analysis of the Bill was necessary in order to consider the extent of the legal and commercial impact of its provisions. The recommendations we have made are designed to minimize the effect of the new legislation on the commercial lending system and to

avoid practical administrative problems. Your Committee has recommended the retention of the existing judicial system which is functioning well. Novel concepts in the new Bill have been rejected in situations where your committee is of the opinion that no benefit from a change would be achieved. It is desirable to maintain as much certainty as possible when new legislation is enacted.

Throughout our deliberations we have been assisted by our advisers Melvin C. Zwaig and David E. Baird. We wish to thank them for their efforts on behalf of the Committee.

Your Committee also wishes to thank the representatives of the Department of Consumer and Corporate Affairs for their co-operation.

Drafting a bill as detailed and complex as Bill C-60 is a difficult task. Nevertheless, we are confident that the combined efforts of everyone concerned will achieve the goal of producing for Canada a modern practical statute regulating bankruptcy and insolvency matters.

Respectfully submitted,

December 11, 1975

Salter A. Hayden,
Chairman

SCHEDULE "A"

BRIEFS SUBMITTED

1. The Canadian Institute of Chartered Accountants.
2. The Canadian Bar Association.
3. The Canadian Consumer Loan Association.
4. The Toronto, Montreal and Vancouver Stock Exchanges, and the Investment Dealers Association.
5. The Retail Merchants Association of Canada Incorporated.
6. Insurance Bureau of Canada.
7. Federation of Automobile Dealer Associations of Canada.
8. The Canadian Bankers' Association.
9. Federated Council of Sales Finance Companies.

SCHEDULE "B"

ORAL SUBMISSIONS

1. The Canadian Institute of Chartered Accountants.
2. The Canadian Bar Association.
3. The Toronto, Montreal and Vancouver Stock Exchanges, and the Investment Dealers Association.
4. The Canadian Bankers' Association.

THE SENATE

Monday, December 15, 1975

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

December 15, 1975

Madam,

I have the honour to inform you that the Honourable Wishart F. Spence, O. B. E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 15th day of December at 8.00 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General.

The Honourable

The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Wishart F. Spence, O. B. E., Puisne Judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide for the restraint of profit margins, prices, dividends and compensation in Canada.

An Act to amend the Combines Investigation Act and the Bank Act and to repeal an Act to amend an Act to amend the Combines Investigation Act and the Criminal Code.

An Act to amend the Canadian Overseas Telecommunication Corporation Act.

An Act to wind up The King George V Silver Jubilee Cancer Fund for Canada and to authorize the sale of the assets and securities of the Fund and to transfer the sale proceeds and the balance of moneys to the National Cancer Institute of Canada.

The Honourable James Jerome, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1976.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

NATIONAL CAPITAL REGION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Baker (Gander-Twilligate) had been substituted for that of Mr. Poulin on the list of members appointed to serve on the Special Joint Committee on the National Capital Region.

AGRICULTURAL PRODUCTS COOPERATIVE MARKETING ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-21, to amend the Agricultural Products Cooperative Marketing Act.

Bill read first time.

Senator Langlois, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

GOVERNMENT ANNUITIES IMPROVEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-75, to increase the rate of return on Government Annuity contracts, to increase their flexibility and to discontinue future sales thereof.

Bill read first time.

Senator Langlois, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

ANIMAL CONTAGIOUS DISEASES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-28, to amend the Animal Contagious Diseases Act.

Bill read first time.

Senator Langlois, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Senator Langlois tabled:

Copies of Press Release setting out a decision of the Governor in Council relating to the proposed Agreement between Treasury Board and the Canadian Union of Postal Workers, dated December 11, 1975.

● (2020)

BROADCASTING

APPEARANCE OF GERDA MUNSINGER ON CBC TELEVISION PROGRAM—QUESTION OF PRIVILEGE

Senator Forsey: Honourable senators, I rise on a question of privilege arising out of one of a series of questions which I asked last June 17 on the subject of Mrs. Gerda Munsinger's appearance on the Barbara Frum program.

I asked a series of questions to which I received a series of haughty non-answers. The first question was:

1. How much did the Canadian Broadcasting Corporation pay Mrs. Gerda Munsinger for her appearance on the Barbara Frum Program on CBC TV at 9.00 o'clock Saturday evening, June 7, 1975,

(a) by way of expenses,

(b) by way of fees?

That appears at page 1073 of our *Debates*.

[The Hon. the Speaker.]

On July 24, at page 1256 of our *Debates*, we find the following haughty non-answer:

It has not been customary to require the CBC to supply such details of its internal management and administration.

I let the matter rest there, with some improving observations, for the time being, and a few days ago, in the Committee on Regulations and other Statutory Instruments I got the surprise of a lifetime. We had before us a witness, Mr. Cooper, the CBC ombudsman, and he at one point in his evidence referred to a program of his on which I had appeared in which he had asked me if I had had any difficulty myself with government secrecy or the secrecy observed by crown corporations, and I replied with gusto, "Yes, I had, in connection with the CBC itself," and I told him about this particular question.

To my almost unutterable astonishment the other day in the committee—and this can be found in the committee's proceedings, in issue No. 52, Thursday, December 4, at page 34—I got this:

He—

That is, myself:

—had tried to get information from an institution with which I am associated and he could not find out how much Gerda Munsinger was paid.

Then there were some slight, somewhat ribald, interruptions from certain members of the committee, and Mr. Cooper continued—and this is significant:

I would like to mention that I am not an employee of the CBC . . . I do not work for them in the sense of any full-time basis. However, I did obtain information that may be useful—that is, Gerda Munsinger was paid the sum of \$150 plus her air fare and hotel for two days.

The question of privilege that I am raising, honourable senators, is that here we have a case where the Senate was denied information in response to a question which a member of this house put. On the other hand, a gentleman who says he is not even a full-time employee of the CBC goes to that corporation and produces at least a partial answer to the question which the corporation refused to give an answer to when it was asked in the Senate.

I draw the attention of the Senate to this because I think it is one peculiarly glaring example of the somewhat off-hand way in which this crown corporation has chosen to treat the Senate on more occasions than one.

Hon. Senators: Hear, hear!

Senator McElman: Honourable senators, may I comment briefly on the question of privilege. The suggestion is that the CBC refused to answer the senator's question. In my opinion, that is entirely wrong. The CBC does not answer Parliament in the sense of answering inquiries. The minister responsible for the CBC did not provide the information.

Senator Forsey: That may be a technical correction, honourable senators, for which I am indebted to Senator McElman. The fact remains that the question was asked of the Leader of the Government who presumably presented the information. The lack of information, the non-answer, was presented by the Leader of the Government presumably as having come from the CBC. He was answering in

place of the minister who in the other house is responsible for answering such questions. But certainly the CBC denied the information. They denied it by way of the minister responsible—par l'entremise du ministre responsable, if I may use the French phrase. It seems to me quite clear in any case that the CBC, in giving this information, at least the partial reply, to a part-time employee, a person who is apparently a part-time employee, and failing to provide it to the minister who then had to relay the failure to this house, was behaving in a way that was not respectful to this house.

Senator McElman: If I may reply to the argument, honourable senators, I repeat, the minister responsible did not provide the information as a matter of government policy. The CBC refused the honourable senator nothing. The CBC answers to honourable senators, and others, in committee. The CBC cannot—cannot—provide answers when government policy prevents it from doing so.

Senator Forsey: In that case, why did the CBC not say so? It didn't say that in the answer which I quoted. What was provided to us here in this house didn't mention anything of the sort. If it is a matter of government policy, then that should have been stated in the answer. There is nothing there about government policy. If it is government policy to deny information to this house, then the government should say so.

Senator McElman: The answer said it is not the policy.

Senator Forsey: It didn't say "government policy."

Senator Bélisle: Honourable senators, may I be permitted to ask a question of the Deputy Leader of the Government? In light of the answer that we have received from Senator McElman, has the minister in question now appointed the honourable senator the parliamentary secretary responsible for him in the Senate? Is the honourable senator acting in that capacity?

Senator Langlois: Honourable senators, before Senator Bélisle rose, I was about to rise myself to participate in this very interesting exchange. The Leader of the Government is unavoidably absent from the house this evening on official business. Although he is not the spokesman for the CBC in Parliament, I am sure he would be pleased to offer any comments he might wish to make to both honourable senators who have asked questions in this respect. I will bring this matter to his attention.

Senator Grosart: Honourable senators, in support of the position taken by Senator Forsey, we should remember, when a government spokesman gives this kind of answer in respect of the CBC or other organizations—we had it in committee the other day in respect of AECL—that in the other place, the minister, almost invariably, says, "I am informed by the CBC that it is not in the interest of the CBC..." This is the phrase that is used over and over again.

Senator Forsey: Quite.

Senator Grosart: For that reason, I concur completely with the question of privilege raised by Senator Forsey.

Senator Rowe: Honourable senators, I wonder if I might ask a question of Senator Forsey on this point?

Did this Mr. Cooper indicate where he got his information?

Senator Forsey: Well, honourable senators, I suppose he must have got it from the corporation, unless he was just plucking it from the air, or getting it by extrasensory perception from some source. I don't know. Possibly Senator McElman can offer some light on the mysterious processes by which this information was obtained. It is unknown to me, and it passes my understanding.

An Hon. Senator: Did you know Gerda?

Senator Langlois: Honourable senators, may I be allowed to add a brief comment on what Senator Grosart said a few moments ago. He referred to similar information having been provided to parliamentary committees, including committees of this house. I am under the impression, due to these precedents in this respect, that if the information had been requested on a confidential basis in any committee of this house, it would have been provided.

Senator Forsey: Honourable senators, may I just make one observation on that? In this particular case, it was provided not even to a committee of the house; it was not provided on a confidential basis. It was provided to a part-time employee who then came before a committee of the house on another subject altogether and volunteered this observation. I still think that it is a most peculiar way to treat this house. We get the information, something, finally, by a side wind, by—and I hope the *Hansard* reporters will get that straight this time; they didn't seem to know what a "side wind" was the last time I mentioned it—we get it by a side wind; we get it indirectly. We get an offhand and jaunty observation from a witness before a committee on another subject.

I don't think it is at all proper, and I hope the Leader of the Government will take this under very serious consideration and see what can be done to fish out of this secretive organization some kind of respectful answers, and decent answers, and clear answers, to questions asked in this house.

Senator McElman: May I say, not as parliamentary secretary, that I agree with your point of privilege. I was only trying to get the lines straight as to who was responsible.

● (2030)

PRIVATE BILL

NORTHLAND BANK—THIRD READING

Senator Cameron moved the third reading of Bill C-1002, to incorporate the Northland Bank.

Motion agreed to and bill read third time and passed.

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Macnaughton, P.C., seconded by the Honourable Senator Sparrow, for second reading of Bill C-74, intituled: "An Act to amend the Regional De-

velopment Incentives Act".—(Honourable Senator Asselin, P.C.).

Hon. George I. Smith: Honourable senators, in the unavoidable absence of my colleague, Senator Asselin, if I may I should like to make a few remarks on this occasion.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Smith (Colchester): Honourable senators, I rise to support this bill, but there are some things I should like to bring to the attention of the house.

The first point I should like to make is that an extension of five years in the duration of this program is far, far short of the time that will be required to do what has to be done in slow growth areas. The objective of the program under the act is to encourage the more rapid development of such areas, not only in financial and economic terms but also to create opportunities for the development to their full potential of people who live there. This is an objective, I submit, of fundamental importance to these people, of course, but also of very great importance to Canada as a whole, for Canada's optimum development as a nation can occur only if all her regions are able to contribute to it. I submit that such an objective, by its very nature, requires a long-term effort.

Although the act was passed in 1969, as was the companion act establishing the Department of Regional Economic Expansion to administer it, the program under it did not spring instantaneously into life. It was well into 1970 before the preliminary preparations were sufficiently advanced and sufficient staff mobilized to really begin to plan what should be done.

By December 31, 1981, the program will have been a going concern for about ten years. Again I submit that this is not nearly long enough substantially to narrow the gap between slow growth areas and the rest of the country. I venture to say that 20 to 30 years or more will be the minimum period needed if the people in these areas are to have anything like equal opportunity with other Canadians for developing their maximum potential and for making their maximum contribution to the development of the country.

Next I should like to draw attention to the wide disparity that exists between the areas this program is intended to help and other parts of the country. Let me make just two kinds of comparisons to demonstrate this disparity. The first is a comparison of unemployment in the various provinces as of the week ended November 15, 1975. These figures are from a document released by Statistics Canada on December 9, just last week, and are expressed in percentages of the labour forces.

The unadjusted figure for all of Canada was 6.4 per cent. For Newfoundland it was 15.3 per cent; Nova Scotia, 7.2 per cent; New Brunswick, 12 per cent; Quebec, 8.1 per cent; Ontario, 5.1 per cent; Manitoba, 3.6 per cent; Saskatchewan, 3.8 per cent; Alberta, 2.8 per cent, and British Columbia, 8.3 per cent. In this table there is no figure for Prince Edward Island or for the Yukon and Northwest Territories.

The average rate of unemployment for the four Eastern provinces of Newfoundland, Nova Scotia, New Brunswick, and Quebec was just over 10.6 per cent as against the

Canadian figure of 6.4 per cent. To put it another way, the average rate of unemployment for those four Eastern provinces was 165 per cent of the rate for Canada.

The second comparison is per capita income in this country. The figures for the latest year for which they are available, 1974, are as follows: The Canadian average was \$4,966; Newfoundland, \$3,319; Prince Edward Island, \$3,274; Nova Scotia, \$3,990; New Brunswick, \$3,702; Quebec, \$4,504; Ontario, \$5,559; Manitoba, \$4,733; Saskatchewan, \$4,702; Alberta, \$5,066; British Columbia \$5,374, and the Yukon and Northwest Territories, \$4,544.

Honourable senators, if you take those figures you will be able to calculate that the average per capita income for 1974 for the five Eastern provinces, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland was \$3,740 as against the Canadian average of \$4,966. To put it another way, the average for those five Eastern provinces was about 75.4 per cent of the average for Canada.

I do not suggest for a moment that the only slow growth areas to which this problem applies are in these Eastern provinces. I recognize there are such places in all of Canada. I have chosen these five provinces for this comparison simply because the comparison between them and the Canadian average, in both these indicators of slow growth, is the most striking, and I submit that it demonstrates clearly that a very wide gap in development and opportunity does indeed exist, a gap so wide that five years cannot possibly bridge it.

Accordingly, while I support the bill on the basis that an extension of five years is certainly helpful, I would say as emphatically as I can that many more than five years will be needed and I urge the government to keep this in mind.

Consider these figures once more just for emphasis: unemployment, 165 per cent of the national average; income, 75.4 per cent of the national average. This, indeed, is a striking combination and striking demonstration of the width of the gap which exists in development.

● (2040)

These figures do not stand in isolation as just having happened once. I believe they fairly represent the relationship which has existed for many decades and which this act was designed to improve and in respect of which this act has been most helpful.

I say again that while a five-year extension is encouraging, the fact must be faced that many more years will be needed, and even greater efforts, before we can hope to reach the point where we can say the situation is at all satisfactory.

From time to time, honourable senators, there have been various criticisms of the program or of the department. One was that the time consumed between making the application for assistance and final approval of the application was far too long. I am glad to note that a real effort has been made to meet that criticism by decentralizing the right to make approvals up to a certain amount on a regional basis. That appears to be a helpful move and I congratulate the minister and the government on having taken such a step.

However, honourable senators, it seems that all is not yet sunshine in this field. According to the *Halifax Chronicle-*

Herald of December 13, which, of course, was just last Saturday, the Ministers of Finance and Fisheries in Nova Scotia, in an interview with a representative of that newspaper, made it clear that they are not happy with delays in concluding certain agreements with the Department of Regional Economic Expansion and perhaps other departments concerned with agriculture and fishing.

The subheadline on the article reads: "Nicholson urges less study, more action." Mr. Nicholson is, of course, the Minister of Finance in Nova Scotia. While I will not attempt to weary the house by reading the whole of this article, there are one or two sentences which I should like to draw to your attention:

Mr. Nicholson said in an interview the province regards agriculture, farming and fishing as "areas of high priority" and is anxious to conclude agreements designed to aid and develop those industries...

Mr. Nicholson said... it was "easier to get money for studies than action on programs" from DREE.

"One gets the impression DREE requires very extensive study inputs into all these programs... it is a slow process," he said.

Mr. Nicholson said the delays in signing the subsidiary agreements had forced the government to hold back on programs for which there were allocations in the current budget.

In the same article reference is made to Mr. Cameron, the Minister of Fisheries in Nova Scotia. It reads:

"For the last eight to 10 months we have been battling around with different federal departments... DREE and fisheries."

"Things have just not been moving," Mr. Cameron complained...

"We had good discussions earlier this week... but I am hesitant to get optimistic because we have been up and down on a number of occasions," he said.

I hope the minister, who has only recently been appointed and has not had time enough yet to become fully acquainted with all the matters with which his department is dealing, will make a special effort to see what is involved in these Nova Scotian criticisms, and that if he finds them justified he will do everything he can to resolve the problem.

Another criticism sometimes made is that the department seems to be staying away from assistance to what are called "commercial operations." The act originally allowed incentives and assistance to be given only to manufacturing and to processing. It was amended by chapter 205 of the Statutes of Canada, 1970-71-72 to allow assistance to be given to "commercial undertakings," which are defined in such a way as obviously to mean all kinds of enterprises describable by that general terminology, including enterprises which are involved in the services sector. Thus far the department has not been much interested in helping that kind of undertaking, and, in fact, the minister has recently said that that lack of interest continues.

Honourable senators, it seems to me that some of the best opportunities for creating jobs lie in the services sector of the economy and that there ought to be some activity in providing assistance in that field. The reluctance

to do so seems to be based on the feeling that this is such a wide field of endeavour that it is difficult to establish criteria to decide who should be helped. I respectfully suggest, however, that simply because it is difficult is no reason for not trying it. Obviously, in passing the amendment Parliament recognized that this was the kind of endeavour the department should undertake, and it seems to me that the will of Parliament should be recognized in this and acted upon. In fact, there is no doubt that it has been acted upon in some instances, despite the lack of enthusiasm I mentioned.

Indeed, there is an excellent example of it given on page 19 of the Annual Report of DREE for 1974-75. The reference there is to the Abenaki Motor Inn, a motel enterprise on the Micmac Indian Reserve near Truro—about two miles from my home, incidentally—which was assisted by DREE and by the Department of Indian Affairs and Northern Development. The description of the enterprise is interesting. Among other things it says:

The main building houses 48 bedrooms, a dining room and lounge that each seat about 100, three conference rooms with capacities of from 40 to 225 people, four sample rooms, a games room and a children's nursery... Most of the staff are Indians from Millbrook and other reserves who have received training through the Nova Scotia Department of Education and Canada Manpower.

There, I submit, clearly set out by the department itself is an excellent instance of what can be done when assistance is rendered to the services sector.

It is too early to say how successful the Abenaki enterprise will be, but certainly on the various occasions when I visited the establishment this summer—it was opened in June of this year—it seemed to be doing well.

On another point, I am glad to note that the minister has indicated that he accepts the view that slow growth regions are more susceptible to the effects of inflation than other parts of the country. I am therefore encouraged to hope that the amount of expenditures authorized under the Regional Development Incentives Act will not suffer any more than is absolutely necessary under the anti-inflation measures adopted by the government. After all, as the figures I have quoted show, the necessity of the so-called "catch-up" action being allowed in the anti-inflation program certainly applies to these slow growth regions, for they are clearly well behind the national average and obviously need a great deal in order to catch up. The anti-inflation fight provides an excellent opportunity to take some "catch-up" action in the DREE program.

Honourable senators, I have expressed some criticism of the regional development program, and from time to time other criticisms by others have been made, some of them with reason and others no doubt unjustified, but I am sure that the usefulness of this program far outweighs any criticisms which can be made. It has indeed been most helpful to the slow growth regions, including my own province of Nova Scotia. I should like to see it continue to flourish; I should like to see it increase the intensity of its efforts. I believe it is good for such regions; I believe it is good for Canada. I support this bill and I ask others to do the same.

● (2050)

Hon. Alan A. Macnaughton: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Macnaughton, P.C., speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Macnaughton: Honourable senators, I would like to ask Senator Smith (Colchester) if he knows whether Senator Asselin intends to speak on this bill or not.

Senator Smith (Colchester): I am not sure, but I rather think the answer is no.

Senator Flynn: He may speak on third reading.

Senator Macnaughton: In that case, honourable senators, I do not have anything to add. As I said before, this bill provides for an extension of the act for a five-year period, with no other changes. If honourable senators would like it referred to the Standing Senate Committee on Banking, Trade and Commerce, well and good, though I really do not see the need for that. I am, however, in the hands of the Senate.

Senator Flynn: It would be as well to refer it to committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Macnaughton moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

AGRICULTURE

CROP INSURANCE PROGRAMS—REPORT OF COMMITTEE ADOPTED

The Senate resumed from Thursday, November 27, the debate on the motion of Senator Argue for the adoption of the report of the Standing Senate Committee on Agriculture on Crop Insurance.

Hon. Hervé J. Michaud: Honourable senators, speaking on this motion on November 27, Senator Argue made some specific references to the application of crop insurance to the Prairie provinces, as it applies more particularly to grain production. I should like at this time to make reference to this measure as it applies specifically to the Maritime provinces.

The Nova Scotia Crop Insurance Commission issues crop insurance coverage for the following crops: spring grain, winter grain, corn, strawberries, blueberries, tree fruit, peas, beans and tobacco.

A total of 17,518 crop acres were under insurance coverage in 1975, for a total value of \$2,238,971. The total premium value for the year was \$196,285. The commission was formed in 1969, and in 1975 it had 475 farmers insured under the scheme. The Prince Edward Island Crop Insurance Agency issues crop insurance coverage on potatoes,

[Senator Smith (Colchester).]

grains, tobacco, turnips, white beans, field peas, processing peas, broccoli, brussels sprouts, cauliflower and strawberries. There were 44,486 crop acres under insurance coverage in 1975, for a coverage value of \$10,320,231. The premium value for the year was \$341,532. The agency reports an increase in every division, in 1975, over the preceding year. There were 703 contracts registered in 1975, as against 685 in 1974, and \$1,579,705 more was collected in premiums than in 1974. The agency in Prince Edward Island was formed in 1962, and in 1975 had 620 farmers insured.

The New Brunswick Crop Insurance Commission issues crop insurance coverage on apples, strawberries, grain, potatoes and turnips. There were 5,586 crop acres under insurance coverage in 1975, for a coverage value of \$330,000. The premium value was \$32,260. The commission was formed in 1974, and in 1975 had 225 farmers insured under that plan.

The story of crop insurance in the Maritime provinces is like many other enterprises of an economic nature when compared to larger and richer provinces: it is a story of "smallness," as against one of "bigness." In the Maritime provinces, the acreage of land suitable for farming is much smaller than it is in the other provinces. Consequently the number of farmers, in any of these three provinces, is also smaller. Since any insurance plan is always based on the principle of quantity, the task of organizing a viable crop insurance scheme in those provinces becomes that much harder. This is a situation which is apparently often overlooked by the central authorities. Too often, indeed, these same authorities tend to apply agricultural policies in a uniform way all across Canada, an attitude which often works to the disadvantage of smaller provinces like the Maritime provinces. This we have seen happen in a particular way in the matter of the Small Farms Development Program. This was a piece of legislation that in certain aspects was especially designed to be of assistance to small farms in Eastern Canada, but which in its final application proved to be of greater assistance to the larger western farms than it was to the smaller eastern farm structures.

It is obvious that federal agricultural policies will have to be more flexible in their application if they are to become equally beneficial to all farmers in all parts of Canada. The expansion of crop insurance in the Maritime provinces is one which deserves the special attention of the federal authorities if it is to fulfill the role it is called upon to play in the field of agriculture.

In the course of his remarks in this debate on November 27, Senator Argue stressed the fact that most provinces attached great importance to the matter of spot loss insurance. The province of New Brunswick particularly would derive great benefits from carrying spot loss insurance in the field of potato insurance.

Potato growers in New Brunswick are for the most part large growers, many sowing in the neighbourhood of 200 acres yearly. As most crop insurance contracts only guarantee compensation for 70 per cent of the crop value in any circumstances, it follows that a potato grower now would have to lose 60 acres of potatoes, out of 200, before recovering any part of the losses he may have sustained. This aspect of the situation more than any other possibly can be held responsible for the slight response potato growers in New Brunswick have been giving to the solicitations of the

New Brunswick Crop Insurance Commission to date. Special attention should be given therefore to the possibility of rendering spot insurance available in this regard. This could mean that a rider would be attached to the covering contract by which the growers wishing to acquire protection against such spot losses could do so at an additional rate. One is led to believe from reports coming from that area that unless such spot insurance becomes available under the crop insurance program that program will not be as successful as it could otherwise be expected to be in New Brunswick.

● (2100)

The matter of crop insurance is one of fundamental importance to Canadian agriculture. It is obvious that in the years to come it will become one of the basic policies designed to ensure stability of income to Canadian farmers. In certain provinces, more far-reaching programs are already being designed in that area. Collective crop insurance plans will be proposed, following which insurance would be provided to producers specializing in dairy enterprises, beef cattle, horses, sheep or other herbivorous animals.

Crops insurable would be collectively tame hay—grasses and legumes—silage corn, feed grain and pasture. Coverage would be based on a regional average yield, and adjustment would be on a regional basis. The level of coverage would probably be about 70 per cent of the regional average of the above-mentioned crops. Regional production would be determined by sampling prior to harvest rather than by measuring harvested production. All production samples would be dried before weighing to maintain uniformity.

Premiums would be based on regional estimates of requirements to cover indemnities, and would be assessed as a check-off from commodity marketing boards.

The insurance would be compulsory and intended as a disaster type protection only. Extra insurance on an individual basis on separate crops, except pasture, would be available in a similar manner to that which is presently available.

There have been no negotiations with the federal government as yet to determine if the province would be

reimbursed for any or all of the provincial share of the premium. If it can be determined that the premium structure is actuarially sound, there is probably no reason why this proposal could not be included under the present Crop Insurance Act.

In concluding my remarks, I wish to concur in the words of Senator Argue, who, when speaking to this motion on November 27, said that the study of crop insurance by the Standing Senate Committee on Agriculture is already a success story, and he felt confident that the continuing work of the committee would assist in achieving many further improvements in this field.

Honourable senators, I support Senator Argue's motion for the adoption of this report.

Motion agreed to and report adopted.

FOREIGN AFFAIRS

FINAL ACT OF HELSINKI CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Final Act of the Helsinki Conference on Security and Co-operation in Europe.—(Honourable Senator Yuzyk).

Senator Macdonald: Stand until January 15, 1976.

Order stands.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, before the motion for adjournment is put, I should like to make two corrections to the *Minutes of Proceedings* of December 11 with respect to meetings of Senate committees for this week.

First, the meeting of the Special Committee of the Senate on Science Policy announced for Wednesday at 10 a.m. is cancelled. Secondly, the meeting of the Standing Joint Committee on Regulations and other Statutory Instruments announced for Thursday December 18, at 11 a.m. will take place tomorrow morning, December 16, in the same room, 112-N, at 11 a.m.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, December 16, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

INTERNAL ECONOMY

COMMITTEE ON EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE—SUPPLEMENTARY BUDGET TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration tabled the committee's report approving the supplementary budget presented to it by the Joint Chairman of the Special Joint Committee of the Senate and House of Commons on Employer-Employee Relations in the Public Service for the proposed expenditures of the said committee respecting its consideration of and recommendations on Parts I, II and III of the paper entitled "Employer-Employee Relations in the Public Service of Canada," prepared by the Chairman of the Public Service Staff Relations Board, authorized by the Senate on November 14, 1974.

CRIMINAL CODE

THERAPEUTIC ABORTIONS—ANSWER TO QUESTION

Senator Perrault: Honourable senators, on November 19 Senator Sullivan asked a question regarding the Committee on the Operation of the Abortion Law. I would now like to offer this information.

The government appointed the members of the Committee on the Operation of the Abortion Law after a lengthy consultative and deliberative process, and the terms of reference were subjected to careful review in order to ensure comprehensiveness and objectivity.

The committee was established to make a scientific study of the way in which the existing abortion law is operating. On that basis the personal views of members of the committee on the desirability or undesirability of abortion are not directly relevant. It might be that in other circumstances it would be appropriate to appoint a royal commission and to take into account the respective viewpoints of the members in its selection. Such a royal commission would be asked to make recommendations on the policy underlying the law; that is, to offer its opinion on the wisdom of the legislation. In the present circumstances the government thought it to be more appropriate to establish a scientific committee since it is Parliament which must ultimately decide what, if any, changes should be made. The members of the committee were carefully selected on the basis of their knowledge and experience and their ability to conduct this kind of research.

There have been intimations from groups on both sides of the abortion issue that the composition of the committee represents a bias in favour of the other side. But to deal for

the moment only with Senator Sullivan's criticism of the appointment of Dr. Marion G. Powell, I submit with respect that his comments on this physician are unfortunate and inappropriate. Dr. Powell is a distinguished physician and professor in the Faculty of Medicine at the University of Toronto. She was a medical officer of health for ten years and was for eight years on the staff of a missionary hospital in Japan. She also serves on the board of the Armagh Home for Girls, which is the maternity home sponsored by the Presbyterian Church in Canada. The question of family planning is quite relevant to the terms of reference, and Dr. Powell has very extensive expertise in this area. It is because of this expertise that her appointment has met with the strong approval of the Canadian Medical Association. I suggest that Dr. Powell's qualifications and professional background amply justify her appointment to this committee.

In his remarks, Senator Sullivan chose to refer only to a selected portion of the terms of reference. These terms are quite extensive and must be read in their entirety to appreciate the scope of the committee's mandate. One of two questions taken from the context cannot provide an acceptable basis for an allegation that the terms of reference lack objectivity.

The honourable senator suggested that the committee is operating in secrecy. This is not in accordance with the facts. The committee has already met with representatives of concerned groups and it plans to seek out established counselling organizations representing "pro-life" groups and those providing abortion counselling to obtain the benefit of their actual experience. It will be appreciated that as a scientific working group the committee is not authorized to hold public hearings. However, we are assured that the research design will provide in various ways for consulting the knowledge and experience of the public. The committee has advised the representatives of groups who have inquired that it is prepared to accept material falling within its terms of reference which will aid it in its task. I understand that the representatives of interested groups were delighted to hear this, though some expressed regret that formal briefs containing arguments in favour of their position could not be accepted.

● (1410)

The terms of reference state that the results of the study will be made public and will be tabled in the House of Commons. Certainly an effort will be made to table them also in this chamber. That report will contain an account of how the study was conducted, together with the necessary statistical material. There will be every opportunity for the report to be reviewed and criticized by experts in the various relevant areas after it is tabled.

Senator Grosart: Honourable senators, Senator Sullivan is not here and without my taking any position on the matter I wonder if the Leader of the Government would

care to comment on why, if this was to be an objective study as he stated it was, the decision was taken that interested parties, obviously with some expertise, were not permitted to even put before the committee documentation of the facts as they would see them? Is there a reason for that? It seems most extraordinary. I cannot think of a case in which an objective study was called for by the government at any level in which those who might wish to present briefs were denied the right to do so. Was there a specific reason for this being so decided?

Senator Perrault: Honourable senators, I have no knowledge that groups who wish to present information to this committee are denied the opportunity to do so. I would think that the committee would wish to receive just as much material as possible. I have no other answer to give the honourable senator at this time, but, if necessary, I shall undertake a further inquiry.

Senator Grosart: I wonder if I may ask the Leader of the Government if he did not actually say during the statement he made that the committee decided not to receive such documents? It was on that basis that I asked the question, and if I was incorrect I hope he will correct me.

Senator Perrault: Honourable senators, I may seek the opportunity to make a fuller statement in this connection later. I must review exactly what the procedures are, after which I will be glad to reply to the question of the honourable senator. I did read to the Senate a reply provided by the responsible minister and if there are some apparent discrepancies I shall certainly attempt to clear them up as quickly as I can.

BROADCASTING

APPEARANCE OF GERDA MUNSINGER ON CBC TELEVISION PROGRAM—REPLY TO QUESTION OF PRIVILEGE

Senator Perrault: Honourable senators, a question of privilege was raised in this chamber last night by the Honourable Senator Forsey with respect to Mrs. Gerda Munsinger. This particular line of questioning is becoming what those in gardening call a "hardy perennial." Senator Forsey raised this question of privilege in relation to the appearance of Gerda Munsinger on a CBC television program. I regret that I was absent from the house on official duties in connection with the royal assent, as honourable senators are aware. There was comment last night on my subsequent answer to a question raised in June of this year by Senator Forsey, a reply based on information provided me by the CBC. Honourable senators will recall that at the time of the question some weeks ago I conceded that there appeared to be validity in the comment made by the honourable senator with respect to the availability of information from the corporation. I undertook following that to contact the President of the Canadian Broadcasting Corporation. Senator Forsey asked what could be done to, I think he said, "fish out of this secret organization, the CBC" some kind of "respectful answers," and "decent answers," and "clear answers," to questions asked in this house. I wish to inform honourable senators that it was never my personal intention or desire to provide a "non-answer" to my colleagues, as I observed on June 17.

Senator Forsey: Hear, hear!

Senator Perrault: However, in light of the situation, I want to inform the chamber that after contacting Mr. Al Johnson, President of the CBC, it was suggested by him that perhaps he could make a general statement personally to a committee of this place. He said he would be prepared to make an appearance and statement to a committee in the other place as well about the kind of information the corporation should be expected to provide. In this connection, the CBC's parliamentary services staff would search the history of CBC replies to Parliament, so that Mr. Johnson would have a comprehensive view of the way in which these replies have been handled over the years.

Mr. Johnson also stated that I had his personal assurance that the CBC had no wish to arbitrarily withhold information from those who were entitled to have it, and the CBC was always quite prepared to offer answers that are as complete as possible. What "complete as possible" involves, honourable senator, I leave to your vivid imagination.

Senator Greene: Did Mrs. Munsinger withhold anything?

Senator Perrault: May I suggest that at an early opportunity we seek to invite Mr. Johnson to testify before a committee of this house and put the appropriate questions directly to him. He has only recently assumed his new responsibilities as President of the Canadian Broadcasting Corporation, and in that role there may be a real opportunity here for new and constructive initiatives that will see a greater flow of information from the corporation. I want to assure the house that immediately following Senator Forsey's questions of June 17 last, I undertook to improve the flow of information available from the corporation.

Senator Rowe: Honourable senators, in relation to that statement, may I ask a question of Senator Forsey? My impression is that Senator Forsey asked that question before Mr. Johnson became head of the CBC. I wonder if he can confirm that?

Senator Forsey: From my own memory, honourable senator, I cannot confirm or deny it. It was very near the time that he became president, because I know that I then wrote him almost immediately afterwards and drew his attention to the statement which the Leader of the Government had made. I hasten to assure the Leader of the Government that it never entered my mind to suggest that he was giving a non-answer of his own mere will and motion. Nothing could be further from my mind. I wrote to Mr. Johnson almost at once and he very kindly invited me to lunch and said to me at lunch something very similar to what he said to the Leader of the Government, which he has just described. So I can't say whether it was just before he took office or immediately afterwards, but it was very close to the time that he took office because within a few days I met him in his capacity as president.

FOREIGN AFFAIRS

CANADA-UNITED STATES RELATIONS—QUESTIONS

Senator Austin: Honourable senators, I would like to ask the government leader a question concerning Canada-United States relations. We have seen in the last few days a communication by the United States Ambassador, Mr. Porter, to the people of Canada, via the press, in the nature

of a bill of complaint outlining their views of irritations raised from the Canadian side.

In particular, of course, I am concerned about the possibility of a change in the way in which one government communicates with another. Are we going to have, for example, our ambassador, Jake Warren, call a handy little conference of the press in Washington to tell them about our concerns about such matters as oil tanker traffic in the Straits of Juan de Fuca, or about the Skagit problem, or the Garrison Dam problem, or about the undue pressure brought by United States negotiators many years ago in respect of the Alaska Panhandle?

I wonder if Senator Perrault would comment in general on this question?

● (1420)

Senator Perrault: Honourable senators, the alleged unofficial meeting between the Ambassador of the United States to Canada and a number of representatives of the media here in Ottawa a few days ago has been a matter of interest and concern in Canada in recent days. I can only quote, in part, from the remarks of the Prime Minister, to be found at page 9994 of *House of Commons Debates* of yesterday, in which he said:

I must say I am surprised that an experienced diplomat like Mr. Porter would not find other channels for expressing views if he thinks they are right.

As honourable senators are aware, there have been a number of interpretations about this alleged meeting. I can assure the house that inquiries have gone forward from the government as to the circumstances of this alleged meeting. I can say that the government has determined, through its own channels of communication in Washington, D.C., that Ambassador Porter was not speaking on instructions. Indeed, we understand that Ambassador Porter has left Ottawa for Washington for reasons as yet undetermined.

An Hon. Senator: Hear, hear!

Senator Perrault: However, it should be observed that one of the advantages of the propinquity between Ottawa and Washington is the ease with which our two ambassadors move back and forth frequently.

As part of the two-way communication process, the President of the United States and the Prime Minister of Canada have an understanding that either can call the other at any time when an issue seems worthy of attention. This practice has been pursued in the past, and it is the belief of the Government of Canada that should the President of the United States feel that relations suggest the value of a meeting between the President and the Prime Minister, he would call the Prime Minister to make that suggestion and, conversely, the same procedure would apply. The fact remains, however, that the President of the United States has not felt it necessary to put this suggestion to the Prime Minister. It was this fact that led the Government of Canada to be surprised by reports of Ambassador Porter's alleged statement to the press on the weekend.

Since Confederation, as is inevitably the case between contiguous countries, there have been differences, mostly of a minor nature, between our two nations. As honourable senators are well aware, there have been problems. There

[Senator Austin.]

always have been, and perhaps there always will be. There are various forms of irritants as well, irritants which both Canada and the United States are continually working to overcome.

It will be recalled that the Prime Minister has seen President Ford three times during the past year. Discussions at great length were held on those occasions. In addition, there have been a number of telephone conversations between the President of the United States and the Prime Minister of Canada. Also, Secretary Kissinger was here a short while ago, and during his visit he made both private and public statements to the effect that our relations were very good.

The Government of Canada is somewhat surprised, as are most Canadians, at the tone of the remarks made on the weekend by Ambassador Porter, because neither do they correspond to what either the President of the United States and Secretary Kissinger have been telling the Prime Minister of Canada, nor do they really correspond to the relations which have existed and which continue to exist.

Honourable senators, I hope that the ambassador, when he arrives in Washington, will have an opportunity to have the situation clarified for him. Perhaps thereby our entire relationship will benefit.

Hon. Senators: Hear, hear!

Senator Greene: Would the honourable Leader of the Government permit a supplementary question? Forgetting the abominable bad manners of the former ambassador to Canada, I am concerned with the merits of some of his indictments.

Does the government have any policy that can be made public here in the Senate vis-à-vis the laundering of TV commercials, which was one of his complaints—laundering the commercials out of TV broadcasts emanating from the United States—which would appear to have at least some moral reprehensibility? These are programs that apparently somebody steals out of the air, which are produced at American expense; they launder the commercials out and plant in them Canadian commercials. To a layman knowing little of electronics, this would seem to me to be a brand of electronic theft, and it may be that there is some merit in his comments in that regard. Does the government have a policy vis-à-vis that practice?

Senator Perrault: I understand that there has been a policy statement by the Canadian Radio and Television Commission that the matter of the commercial content carried by the cable systems shall be brought under review. Discussion have been held about a so-called commercial deletion policy, as to the way in which the Canadian television industry can be protected. However, I understand that at least three American television stations have appealed to the Federal Communications Commission in the United States asking for precisely that kind of commercial protection because of Canadian television channels being carried in certain American cities.

This, then, appears to be a matter on which both countries should attempt to negotiate a satisfactory solution, an amicable solution, as we have done so often in the past with our differences. Speaking personally and not for the government, it is the kind of problem which I believe is not a major one, or need not be; it is a problem that can be

resolved in the way we have negotiated matters of this kind in the past, because there appear to be reconcilable differences of opinion on both sides of the border on this subject. Also, Ambassador Porter's repeated observations about the energy situation appear to indicate a certain lack of information about Canada's problems with respect to its energy resources, and the fact that we have to buy over 50 per cent of our oil requirements offshore at world prices.

Senator Austin: Perhaps I might be allowed to ask a supplementary question. Has the Leader of the Government any information on whether Ambassador Porter commented on the results of the recent British Columbia provincial election?

Senator Perrault: I have no information on that. It seems to me inevitable that the results of the British Columbia election would have been the subject of conversation at least at some point in the meeting.

Senator Forsey: It appeared in the newspaper reports that he said it was very reassuring, or words to that effect.

Senator Flynn: It would be interesting to know the personal views of the Leader of the Government. Of course, they would probably echo the views of Senator Austin. Does the Leader of the Government not think the Senate should await with interest the report of the Standing Senate Committee on Foreign Affairs on Canada-United States Relations, which is to be tabled pretty soon? That report might give us some indication of who is right with regard to many of these issues.

Senator Perrault: Canada-United States relations has been the subject of a major study by the Foreign Affairs Committee, and I have been impressed, as I am sure has the Leader of the Opposition, with the dedication and diligence that has been applied to the preparation of that report. That report will represent the results of many meetings with many people on both sides of the border, and is the kind of effort that can accomplish some constructive good. I suggest it may be inestimably more worthwhile than off-the-record comments of Canadians or Americans on the subject of Canada-United States relations. The area is an important one where ill-informed ad-lib comments can be injurious to the relationship.

Senator Flynn: That was my suggestion.

Senator Perrault: I suggest that one of the constructive things we could do would be to send Ambassador Porter a copy of the report of our Foreign Affairs Committee on its study of Canada-United States relations.

Senator Flynn: In due course.

Senator Perrault: In due course.

ANTI-INFLATION BOARD

GOVERNMENT REJECTION OF BOARD'S OPINION ON
CONTRACT SETTLEMENT WITH POSTAL WORKERS—

QUESTIONS

● (1430)

Senator Phillips: Honourable senators, may I direct a question to the Leader of the Government? In a rather persuasive introduction of Bill C-73, the anti-inflation legislation, he used the terms "enforcer" and "persuader."

Senator Côté: He is the godfather.

Senator Phillips: Recently, the Cabinet, of which I believe he is a member, overruled a decision of the Anti-Inflation Board concerning the pay increases granted to the inside postal workers. I would ask if, in this case, Mr. Joe Davidson of the CUPW was the "persuader" or the "enforcer?"

Senator Perrault: Mr. Joe Davidson was neither of those things. He really played no role in that decision. This was a decision taken by the government, with some considerable reluctance.

Senator Flynn: Which one—the first or the second?

Senator Perrault: The decision taken by the government with respect to the inside postal workers—

Senator Flynn: It was overruled.

Senator Perrault: —was based on the fact that this group of workers had had no contract for some time. There were a number of factors which I think led to the government's decision to let the final offer and agreement with the postal workers stand. However, this is not to be considered a precedent for the future.

Senator Phillips: Would honourable senators permit a supplementary question? The Anti-Inflation Board was kind enough to distribute to all members of Parliament a statement in which they outlined their reasons for rejecting the settlement. May I ask the Leader of the Government to provide us with a similar document outlining the reasons of the Governor in Council for overriding the decision of the Anti-Inflation Board?

Senator Perrault: I see no problem in tabling a copy of the government's statement for the perusal of honourable senators, if that is satisfactory.

Senator Phillips: Last evening you tabled a copy of the agreement between the Treasury Board and the postal workers. May I have a copy of the reasons of the Governor in Council for overriding the Anti-Inflation Board?

Senator Perrault: Senator, a certain amount of data has been tabled with respect to that particular decision. I will undertake to review the material which has been made available, and perhaps we can incorporate in the records of this house the text of the statement made at the time the government announced its decision. That should be available to honourable senators in some form, and I shall undertake to see that is done.

Senator Phillips: Thank you.

Senator Smith (Colchester): I wonder if I may ask, with leave of the Senate, what I suppose would be a supplementary question? I find it a little unclear as to whether the Anti-Inflation Board made a decision rejecting or overruling the said agreement, or whether it referred the matter to the Governor in Council with its opinion that it ought to be rejected. Could the government leader enlighten me on that?

Senator Perrault: At the time the action was taken by the Anti-Inflation Board, the so-called "decision" of the board was in fact an "opinion."

Senator Flynn: It still would be.

Senator Perrault: It was an "opinion" referred to the Governor in Council.

Senator Smith (Colchester): Thank you.

Senator Forsey: I wonder if I could ask one supplementary question. Could the Leader of the Government tell us whether there is anyone on that board with any experience of collective bargaining, with the single exception of Mr. William Ladyman, the former vice-president of the Electrical Workers' Union? I could not help feeling that there was some lack of knowledge of collective bargaining displayed by the board, in the opinion which it offered.

Senator Perrault: Honourable senators, the full complement of the board has not yet been appointed. It is hoped that during the next week there will be one or two additional appointments. It is my understanding that those to be appointed will have had considerable experience in the field of collective bargaining. It is hoped that those names will be made known shortly.

Senator Flynn: Does the government leader suggest that all expertise required will eventually be represented on the commission? That would require a regiment.

GOVERNMENT ANNUITIES IMPROVEMENT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Augustus Irvine Barrow moved the second reading of Bill C-75, to increase the rate of return on Government Annuity contracts, to increase their flexibility and to discontinue future sales thereof.

He said: Honourable senators, I should like to outline briefly the history of government annuities legislation, and then attempt to explain the considerations which have led the government to propose the main features embodied in Bill C-75.

All of us here today will agree that we are too young to remember the lack of retirement plans and programs which characterized the days when our country was in the midst of rapid change brought about by the industrial revolution. However, in 1908 when the Canadian government decided to involve itself in the sale of annuities it was responding to an important social need, since public and private retirement plans so widely available today were then non-existent. From 1908 to 1928 the Canadian government made annuities available to people who wished to buy them in order to provide some financial security for their retirement.

In 1928 the government decided to actively promote the sale of annuities by appointing sales representatives, who encouraged people to invest for their future. However, by the 1960s the private sector was providing a wide range of retirement and pension plans, and thus the sales of government annuities declined. As a result, in 1968, as recommended by the Glassco Commission, the sales force was disbanded and advertising was discontinued.

[Senator Smith (Colchester).]

In recent years, there have been few sales of government annuities, but some 280,000 people still hold contracts. The last of these contracts will mature in the year 2031, and if the annuitant lives the expected 20 years, then annuities will likely be payable to the year 2050. Because of this we must recognize that government annuities are still important to a large number of people. It should be noted that the measure before us today, the Government Annuities Improvement bill, seems to improve this situation.

In the budget speech of June 23, 1975, the government announced that the rate of return on government annuities would be brought more into line with that paid by the private sector. At the same time it announced that the sale of annuities would be discontinued.

So, this bill, first of all, raises the rate of return on government annuities to 7 per cent, retroactive to April 1, 1975. The choice of this particular rate of return was based on a careful study of the current yield on comparable public and private investment portfolios, and I point out that the government annuities account should be regarded as an investment portfolio accumulated over the years. Interest rates in such a portfolio vary between 4 per cent and the current 10 per cent, with a yield situated between these two extremes.

● (1440)

We are proposing that the present yield of the annuities account, which is about 4 per cent, be increased to 7 per cent, approximating the current yield on equivalent public and private investment portfolios. At the present time, unmatured annuities have interest rates ranging from 3 to 5½ per cent. If this bill is passed, all contracts will then have the rate raised to 7 per cent as of April 1, 1975, the beginning of the present fiscal year. This means that for most unmatured annuities, contributions and interest at the new rate will accumulate until maturity, resulting in a higher capital value at maturity, and a consequent higher annuity. For example, if an annuity under a 4 per cent contract not covered by a special pension plan arrangement matures in 10 years, it will mean a 33 per cent increase in the annuity. If the annuity matures in 20 years, the increase will be 77 per cent.

In the case of approximately 150 pension plans, however, covering about 26 per cent of persons with unmatured contracts, the allocation of the increased return must be decided by the terms of the plan itself. In addition, at maturity, all presently unmatured annuities would become eligible for the rate which applies to matured annuities. For matured annuities the increase in the rate of return translates into an increase in the payments. Such increases will vary from 10 to 33 per cent, depending on the original contract. The average increase is approximately 22 per cent, and I refer honourable senators to the schedule on page 6 of the bill for a more detailed breakdown.

In applying the 7 per cent rate of return to matured annuities the government selected a method that considered all matured annuities with the same interest rate as a single average annuity. The new rate of return was then applied to the calculated capital value of each group, and a percentage increase was calculated for each contract rate. Contracts with low interest rates would receive a larger increase than those with higher rates. It was felt

that this was an equitable method of allocation since it brings all annuitants to the same relative position.

It would appear, therefore, that the choice of a 7 per cent rate is reasonable by current standards, and that its method of application is fair. The government also feels, however, that reason and fairness demand that future administrations be given the facility to adjust the rate, depending on fluctuations in interest rates. Thus, while the 7 per cent rate should remain current for some time, the new act is flexible enough to provide for periodic review if circumstances require it. The Governor in Council, therefore, has the power to raise or lower the rate with the proviso that the rate for any contract cannot be lower than that originally applicable to the contract.

One consequence of the increased rate of return is an increase in the current ceiling of \$1,200 on annuity payments, enabling annuitants at the maximum to benefit from the increased rate of return.

I should now like to discuss the other major aspect of this act, namely, the decision to cease all further sales of government annuities. While this would apply unconditionally to individual contracts, group contracts would be gradually phased out during the next three years, ending on March 31, 1979. This aspect of the legislation not only recognizes that government annuities have served their original purpose, but also indicates the extent of the government's confidence in the ability of other public and private enterprises to respond more than adequately to the social needs of Canadians.

Before concluding, I would like honourable senators to note that this bill includes a number of housekeeping changes as a result of which certain provisions have been inserted in the act or the regulations that give the annuitant more flexibility in the way his annuity is paid, and more protection when the purchaser is someone else, such as his employer, in the case of a group annuity contract.

Finally, the bill officially appoints the Auditor General as auditor, although he has acted in this capacity for many years. It also officially authorizes the use of the Consolidated Revenue Fund for eliminating deficits and surpluses in the annuities account, and provides a better schedule for reporting to Parliament.

In conclusion, I should like to say that this legislation provides an equitable solution to the problem of a low rate of return on government annuities, makes more flexible the ways in which annuitants can be paid, and recognizes that the private sector has, in the last 30 years, effectively taken over this role by providing Canadians with a wide range of retirement plans.

Hon. David A. Croll: Honourable senators, there is not very much anyone needs to say after what has already been said, but I rise to bid farewell to a very old friend. I well remember that when we began our agitation for old age security we were able to look back on the Government Annuities Act, which came on the statute books in 1908. It was the very first social security measure on the statute books of Canada.

Senator Flynn: Are you sure?

Senator Croll: Not only am I happy to say that, but also to remark that it was placed there by a Liberal government.

Senator Flynn: Who else?

Senator Croll: It stayed there for a great number of years. Of course, as has already been stated, there were neither private plans nor public plans in those days. Some employers of labour provided pensions for old-time employees, and they were very welcome, but that was about the extent of it. In 1908, however, the Government Annuities Act came into existence, and 20 years elapsed before another measure of the same kind, the Old Age Security Act, was passed. It is remarkable that nothing more came forward in those 20 years.

I do not know how to explain it, and I do not suppose I ever tried to understand it, but I remember that after the war the Government Annuities Act was administered by the Department of Labour, and each year, when we went over that department's estimates, we always dealt with it. I remember quite clearly the deputy minister telling us that during the depression they used to receive money orders for 10 cents, or a stamp for 10 cents, through the mails. It was all the people had. They could not pay anything else. They were determined to keep up the annuity as best they could. Of course, the annuity was always safe. If they could not make a payment today they could make it tomorrow, and it was always available to them; but these payments came from poor people across the country.

That has changed since, in that the private sector has made these annuities available. It is interesting to note that 70 per cent of the plans in existence in this country today are in the public sector, and 30 per cent are in the private sector. There is a great deal, therefore, to do.

I remember that at one time tax-free annuities of up to \$5,000 were being sold. That did not last long, but they were available for a while. I assure you that a great number of people did not know about them, but when the government saw who was applying for the large ones, they immediately cancelled them. However, they did sell the \$1,200 annuities for many years. There are a great number of those in existence today, and, of course, they are very helpful.

● (1450)

I do not like to see a social measure removed from the statute books under any circumstances, but in this case I must confess I cannot think of a good argument for retaining it because the field has now been occupied by people who can do much better. As a matter of fact, the corrections being made at the present time are long overdue. The government should have paid a much better interest rate a long time ago.

Senator Flynn: Like the perpetual bonds.

Senator Croll: Well, yes, but these are not as bad as the perpetual bonds. They have some hope yet.

In any event, honourable senators, this legislation served a very useful purpose when there was lack of opportunity for people to save. It was good legislation, the kind that the country should be proud of. From that legislation came many other useful acts now on the statute books. But time is up, and the reasons are good ones. The government is

now being fair in providing some compensation that is overdue. I support this bill.

Senator Greene: Honourable senators, I wish to make two brief points if brevity is within my province.

First, I would respectfully submit to the sponsor of the bill that there is a mistake in the style and title thereof inasmuch as it indicates an intention to discontinue further sales. If my information is correct, there have been no sales of annuities since 1968. While there are some extant ones from the past, as the mover quite properly said, there have been no new sales since 1968. Now despite the style and title, you cannot discontinue sales unless they are continuing. Therefore, I respectfully suggest that that is a misnomer. Since there have been no sales since 1968, they cannot be cut out.

Senator Flynn: But they were offered for sale.

Senator Greene: No, they have not been offered for sale since 1968; at least, that is the case if my information is correct. If I am wrong I will withdraw the statement, but the information I have been given by officers of the Department of Finance is that new sales were finished in 1968. Naturally, they honoured pre-existing sales.

The second point I wish to make is that this revised interest rate obviously sweetens the pot for those who have founded their pension plans upon government annuities. It means that the pot is sweeter than it used to be, and under those circumstances I would very much hope that the government would see to it that those who are getting the benefit of this sweetener—I believe, for instance, the CNR pension fund is founded on government annuities—will pass it on to present and future pensioners by way of improved payments on their pensions, and that it does not all accrue merely to those who start drawing their pensions in the year 2031, or at whatever future date the actual cash accrual might come. I think that all present pensioners should benefit from the improvement in the package, and not just future pensioners.

Those are the two points I should like to make, honourable senators.

Senator Croll: Honourable senators, may I say in reply to Senator Greene that my notes indicate that in recent years there have been only a few new sales of annuities to individuals. During the 1974-75 fiscal year, only 11 were sold.

Senator Flynn: But, they continued to be offered.

Senator Barrow: Honourable senators, there are just a few that have been sold. There have been a few sold in this present year, and there are still some contracts with companies whereby they are able to cover people up until 1979, and it is these that the government wishes to discontinue.

With respect to the revised interest rates, these apply to all, including the present annuitants.

Senator Grosart: In a moment I am going to move the adjournment of the debate. However, before I do that, I wonder if Senator Croll has noticed the references in the other house to the role he played in the early days of this legislation. A distinguished member of the other house said

[Senator Croll.]

that he had saved the bill. If Senator Croll does not know of this perhaps he would like to read the Commons *Hansard*, because there were some highly complimentary remarks made about him by Mr. Knowles.

With that, honourable senators, I move the adjournment of the debate.

On motion of Senator Grosart, debate adjourned.

AGRICULTURAL PRODUCTS COOPERATIVE MARKETING ACT

BILL TO AMEND—SECOND READING

Hon. Sidney L. Buckwold moved the second reading of Bill C-21, to amend the Agricultural Products Cooperative Marketing Act.

He said: Honourable senators, our colleague, Senator Laird, will go down in Senate history as being the one who, in moving second reading of a bill, indicated that it was a simple bill, and that proved to be a disastrous introduction. I can say that Bill C-21 is, in fact, a very short bill. I think it is understandable, and I hope to explain it briefly. I also hope that it meets with the approval of the members of this house.

I might say, honourable senators, in moving second reading of this bill, that in today's world of food shortages and starvation all countries must take action to increase the global food supply. Canada is fortunate to be among those nations which have a potential for playing an even greater role in food production than in the past. However, if the country is to reach its full potential, we must make sure that our agricultural industry has all the tools necessary to meet the challenge. I think we all agree that producers must have an adequate return for their input of labour, capital and managerial skills. The producer must have an assurance of a stable market, a good income from his investment, and this means he must have confidence in the long-term market opportunities. Stability for the producer will be reflected in stable production, stable prices for consumers, and, it is to be hoped, increased production to meet the growing food needs of this hungry world.

There have been many legislative enactments in the last little while that attempted to meet these criteria. One major advance in assuring this stability was represented by the recently passed amendments to the Agricultural Stabilization Act. Effective stabilization legislation encourages national production decisions. In addition, this chamber, not too long ago, passed amendments to the farm credit legislation making it easier for young people to start farming. This has also been most helpful.

One of the most important aspects of agriculture in this and in every country is marketing. In fact, orderly marketing is essential to a successful agricultural industry. Farmers usually are short of cash at harvest time, because in respect of many products that is the time when prices are lowest, and traditional storage systems cannot handle the sudden glut that occurs when everyone tries to market at the same time.

● (1500)

Very wisely, in 1939—some 35 years ago—the Government of Canada passed an act permitting the orderly marketing of farm products, known as the Agricultural Prod-

ucts Cooperative Marketing Act. It allowed groups of producers who wished to market crops collectively to enter into agreements with the Minister of Agriculture. Under these agreements the Government of Canada acts as guarantor for bank loans made by these groups to cover initial payments, processing, carrying and selling costs. Since this act first became law, products marketed under its provisions have included forage crop seeds, potatoes, fresh apples and apples for processing, maple sugar, tobacco, beans, et cetera. The act provides that equal returns must be made to farmers for agricultural products of the same grade and the same quality. Final returns to the farmers are made after deducting processing, carrying and selling costs. That is the manner in which the act has been operated for the past 35 years.

I should indicate that it was based on a guarantee, which was never greater than 80 per cent of the previous three-year average return. Honourable senators are well aware that in many cases the average return over the past three years for a product falls far short of today's prices. As a result, the farmers have not been able to use this legislation effectively.

Ontario wheat producers, for example, recently found themselves in this predicament because of the recent increases in the price of wheat, and they started a pooling plan in 1973. With the 80 per cent limitation they would have been on the receiving end of an initial payment of \$1.25 per bushel, determined when prices were approximately \$3 per bushel. The \$1.25 they would have received represented only 42 per cent of the value of their wheat at that time. The Ontario wheat producers wanted to use this act for government-guaranteed initial payments at reasonable levels. They used it in 1974, but with an initial price of \$2.01, which represented less than 40 per cent of returns. Therefore, an amendment is needed so that they and other Canadian producers of agricultural products will have a realistic guaranteed initial price open to them.

Bill C-21 removes the 80 per cent ceiling, and instead allows the Governor in Council to establish an initial payment based on an estimate of wholesale market prices and marketing costs. The initial payment, therefore, will be based on the prospective market price for the year of the agreement, rather than on the historical basis of a three-year average with a limitation of 80 per cent.

Honourable senators, this is the legislation. I believe it is necessary for the continued growth and stability of the agricultural industry. I trust that all of you will appreciate the importance of the bill, and give it the speedy passage which I believe it warrants. I understand that Senator Argue, the Chairman of the Standing Senate Committee on Agriculture, has examined the bill, and does not feel it requires to be referred to his committee. I am not in any way attempting to preclude such referral, but in view of the time limitations before the Christmas recess I am hopeful that the house, with this explanation and other comments from honourable senators, may see fit to give this bill second reading.

Senator Lang: I wonder if I may ask our colleague a question, although I am without knowledge in the field of agriculture and hesitate even to put it forward. Does he have any idea as to the extent that the Government of Canada has been called upon to pay under the guarantees

to which he referred as a result of this legislation which has existed since 1939?

Senator Buckwold: In answer to the question, honourable senators, the reading I have on it is that I believe it has only been once that the Government of Canada has had to pay out as a guarantor. In that case, the price finally received by the producer was less than 80 per cent of the three-year average. That was for tobacco in one year when there was some kind of disastrous situation. Other than that, I know of no other pay-out, and the government has acted merely as a guarantor.

Hon. John M. Macdonald: Honourable senators, I am sure that we all listened with interest to the explanation given by the sponsor of this bill. In my opinion, there is general agreement that this change should be made. As he mentioned, this bill changes only one section of the act, and due to the change in times the existing 80 per cent level is no longer sufficient. Therefore, in order that there may be an orderly marketing of those products which come under the provisions of the legislation it is necessary that they not all be placed on the market at harvest time. When that is done it means that the price to the producer is low, and he does not receive full value for what he has produced. Through this type of payment, he can obtain a better return for his products throughout the years.

Perhaps it is of interest to note that this bill was given second reading in the House of Commons before the minister had time to rise to give his explanation. When he did rise, he found that it had already been given second reading. So there has been general agreement that the amendment is good, and I am sure that we all support it.

I might say that it was in 1962 that the government had to fulfill the guarantee with respect to the tobacco situation mentioned by Senator Buckwold. It was a case of so much being produced during that year that the price was very low.

I have one point to make, not with regard to the legislation itself, but to its drafting. When one reads Bill C-21, it is apparent that paragraph (c) contained in clause 1 thereof is comprised of one sentence containing 69 words of over two letters. The words of only two letters account for 22 more. In my opinion, this is atrocious drafting. There is no reason in the world why that paragraph could not have been designed in two or three sentences, so as to make it easier for ordinary people to understand.

I agree that there is no point in referring this bill to committee, and suggest that it be given third reading at the next sitting of the Senate.

Hon. Hazen Argue: Honourable senators, as my name has been mentioned during the debate, I feel I should give my own impression of this legislation. I do not feel it necessary for this bill to be referred to committee. This is not because I think the Senate is short of time to deal with it, but because the amendment is very simple. It has been discussed in the Agriculture Committee of the House of Commons. It is a non-controversial amendment in the sense that no objection has been raised. I certainly agree with Senator Macdonald that the draftsmanship leaves much to be desired. I know I had difficulty understanding the amendment. I had to study it and even now I am not certain that I know what it means. However, in my opinion

it means that we are leaving the limit of 80 per cent of a three-year average. Producers in Ontario in situations where the price of wheat, for example, had been \$3 per bushel before this amendment were limited to 80 per cent of the \$3, which is \$2.40. Should wheat increase to \$5 per bushel, this does not place the limit at 80 per cent of that \$5 price. It provides that the Cabinet can decide that the initial price will be the total amount, which is the difference between the selling price and the cost. If the price is \$5 and the cost of storage and handling is 50 cents per bushel, the initial price could increase to as high as \$4.50. In other words, it could be raised to the full amount. The only qualifying aspect I see in it as it now reads is that there appears to be a reasonable amount. Perhaps it will be said that \$4.50 is not reasonable, that it is not reasonable to set the initial price at the floor price. Certainly it provides those who want to use this legislation with the possibility of getting an initial price which bears some reasonable relationship to the facts of the day, namely, a very much higher price for wheat. The effect of the requirement is quite simple, and if the Agriculture Committee did meet—and I have no objection to that—we would hear a brief but simple explanation of the bill. It would then pass. I see no reason why, when so many committees are sitting, we should send this bill to committee. I shall be quite happy if the bill does not go to committee.

● (1510)

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this be read the third time?

Senator Buckwold moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

ANIMAL CONTAGIOUS DISEASES ACT

BILL TO AMEND—SECOND READING

Hon. Fred A. McGrand moved the second reading of Bill C-28, to amend the Animal Contagious Diseases Act.

He said: Honourable senators, I am pleased to speak to and support Bill C-28. It is interesting to note that the original Animal Contagious Diseases Act was passed in 1869, and was the first agricultural legislation to be passed by Parliament following Confederation in 1867. It is therefore of interest to us not only from the viewpoint of the control of diseases of animals but from an historical point of view. The act has, of course, been amended and brought up to date from time to time over the past 106 years, and the fundamental purpose of the present bill is again to bring it up to date with respect to changing times.

The Animal Contagious Diseases Act is the vehicle through which Canada has eradicated and controlled serious infectious and contagious diseases of animals to the point that today Canada's animal health standards are among the highest in the world. This recognized animal health status not only provides for a more economic production of livestock within Canada but, at the same time, safeguards Canada's human population from many animal diseases transmissible to man. In addition, it provides for the possibility of exports through recognized veterinary certification of our live animals, meat, poultry and live-

[Senator Argue.]

stock by-products which last year were exported to 120 countries to a value of close to \$475 million. All of those countries require Canadian veterinary health certification of varying degrees.

The saving to the cattle industry, because bovine tuberculosis has been eradicated, amounts to more than \$15 million annually, in addition to the saving in human misery and hospitalization costs from bovine tuberculosis in humans. The reduction of brucellosis in cattle to less than one per cent of the cattle population results in a similar saving, including reduction of undulant fever in humans. Over the past 60 years, it has cost Canada approximately one cent per marketed hog to maintain complete freedom from hog cholera. Prior to the present eradication program in the United States, it cost \$1 per marketed hog to keep hog cholera under control through the use of vaccines.

These three examples, together with our livestock and livestock exports, which are dependent upon our animal health status, give adequate proof that it is to Canada's advantage, not only from a livestock production point of view but also from a human health point of view, to maintain the highest possible standards of animal health.

This bill extends the Animal Contagious Diseases Act to regulate the operation, construction, and maintenance of animal deadyards and rendering plants, together with authority to regulate the packaging and marking of products from such operations. It is important that the carcasses of animals that have died, and the inedible rendered products, do not enter the human food chain. The authority provided in this bill will permit adequate regulations which will ensure the proper processing and usage of such products.

The provision for compensation payments to livestock owners whose animals must be slaughtered under disease eradication programs is also being amended. The present system provides for compensation values with the owner also receiving the slaughter value of the animal, where such is permissible. This system has created inequities in that many cattle have varying slaughter values. For example, dairy cattle have a lower slaughter value than beef breeds and therefore an individual having a dairy animal slaughtered, of equal value to a beef type animal, would receive less compensation because of the lower slaughter value. The proposed amendment will change the basis for compensation to be the fair market value of the animal up to a maximum amount prescribed by the Governor in Council, less the gross slaughter value received by the owner. This change provides for more equitable returns to the owners of livestock ordered destroyed under the provisions of the act.

In addition, animal by-products, fodder and other articles must of necessity at times be ordered destroyed to prevent the spread of infectious and contagious diseases. The bill extends the authority to pay compensation so that appropriate payment can be made to owners when such a situation arises.

Another area added to the Animal Contagious Diseases Act is extended authority for the control of artificial insemination centres. The artificial insemination industry in Canada has undergone marked growth in recent years to

the point where approximately 52 per cent of dairy cattle and 10 per cent of beef cattle are bred by artificial insemination and, in addition, exports of frozen semen have in recent years exceeded \$13 million annually.

In its present form, the Animal Contagious Diseases Act provides for the control of the health of all bulls entering artificial insemination units, but because of the rapid development of the industry, both in domestic and foreign markets, it has become necessary, in order to further eliminate possible disease spread, to extend the control of such units to include the collection, processing, storage and identification of animal semen.

While in the present Animal Contagious Diseases Act there is adequate control with respect to the importation of livestock into Canada, from a disease control point of view there is no requirement with respect to the health of animals being exported. It is considered that if we are to maintain our foreign exports based upon veterinary certification there must be adequate authority to require such certification should we be faced with a situation where someone wishes to take animals out of the country without adequate disease certification, which could well jeopardize our reputation abroad.

The changes to the act will also provide for the setting up of health and disease control standards for zoos and game farms.

A number of existing areas of authority under the act are being amended to make them more clear and effective. For example, the feeding of collected garbage to livestock and poultry as a disease control measure presently under the act is being clarified and made more definitive. The same situation exists with respect to the control of veterinary biologics for domestic manufacture and imports. Likewise, the control of foreign meats aboard foreign ships arriving in Canadian waters is being more clearly defined, together with the authority for the establishment of areas for the control of infectious and contagious diseases on an area basis.

● (1520)

In order to implement all of the above, there are a number of additions and alterations with respect to definitions so that such terms as animal semen, poultry, other birds, bees, reptiles, hatching eggs, and fertilized ovum are specifically included in the jurisdiction of the act.

One of the major changes to the present Animal Contagious Diseases Act provided for in this bill is the provision for regulations regarding transportation of livestock. The care of livestock being transported has traditionally been controlled by the Criminal Code based upon the simple control of travel time, overcrowding, and segregation of bulls. But evidence has shown that this did not provide sufficient protection. The provisions of this bill regarding transportation will, in effect, be giving legislative approval to what the Health of Animals Branch, the transportation industry, the producer associations and the humane societies have achieved through cooperative action in the last few years.

In 1972, the Minister of Justice commissioned Dr. F. Lowe of the University of Saskatchewan and Dr. B. A. Young of the University of Alberta to undertake separate studies of the problem. Their reports formed the basis of a

brief prepared by the Canadian Federation of Humane Societies, the Canadian Cattlemen's Association, and the Ontario Beef Improvement Association, with the assistance of the CN and CP railroads.

The brief recommended that the Minister of Agriculture set up a special committee to develop guidelines for the humane and efficient transportation of livestock, and that the guidelines be put into legislation to be administered by the Department of Agriculture. The brief was accepted in total by both the Honourable Mr. Lang, the then Minister of Justice, and the Honourable Mr. Whelan, and those guidelines have been working successfully for the last few years, even though they are not yet passed in legislation.

Basically, the guidelines provide that a Health of Animals Branch officer may examine cattle before loading to make sure they are fit to travel. All cattle originating west of Winnipeg are unloaded at St. Boniface for feed, rest and water. Ruminants are not shipped for more than 48 hours without a five-hour stop for feed, water and rest, and non-ruminants for not more than 24 hours.

As a result of these changes, losses of cattle arriving in Toronto in 1973 were 33 per cent below 1971 losses. In 1974, losses were reduced by another 20 per cent.

Bill C-28 is the enabling legislation to regulate the examination of animals before loading, the segregation of animals on the basis of class, age and sex, the provision of loading and unloading facilities, the maximum number of hours animals can be transported without being unloaded for feed and rest, the construction of vehicles and containers for transporting animals, and to control the movement of unfit animals. Before the regulations under the act are published, the transportation industry, humane societies, and producer organizations will be given the opportunity to discuss them in detail.

Because of the inclusion of this animal transportation authority, it was, of course, necessary to alter the name of the Animal Contagious Diseases Act and it is for this reason that it will now be known as the Animal Disease and Protection Act.

In conclusion, in commending Bill C-28 to honourable senators, I am convinced that the expanded authority provided through this bill with respect to the control of infectious and contagious diseases of animals will benefit and enhance not only the livestock industry of this country but the human population as well, for, as has been said, a number of the diseases dealt with under the Animal Contagious Diseases Act are transmissible to humans.

Finally, the full implementation of this bill will continue to make it possible for us to maintain a high level of exports, both for livestock and livestock products and, therefore, be of benefit to all Canadians.

Hon. Jacques Flynn: Honourable senators, we are indebted to Senator McGrand for his comprehensive explanation of this bill.

Some of what I have to say on Bill C-28 may be repetitive. Its subject matter was discussed once before in the Senate, because it started out as a Senate bill, Bill S-2, having received first reading on March 12, 1974.

After second reading debate, Bill S-2 was referred to the Standing Senate Committee on Agriculture, and as a result

of the committee's study there were a number of amendments made to it. Bill S-2, in the form in which it received third reading in the Senate, and was sent to the House of Commons, was a better bill. The only problem was that it died on the Order Paper of the other place with the dissolution of Parliament. It now comes back to us as a House of Commons bill, incorporating all of the amendments made by the Senate to Bill S-2.

Even if it were my habit to find fault with government legislation—which, of course, it is not—I would be very hard-pressed in this instance to mount any major or detailed objection.

Senator Greene: Hear, hear!

Senator Flynn: I sometimes say things just to please my good friend, Senator Greene.

Senator Greene: Nothing that bears repeating.

Senator Flynn: Pleasantries bear repeating. We keep hoping you'll mellow. Since the Senate agreed with the principle of Bill S-2 in March of 1974, I do not see how we could justifiably change our position now.

The Animal Contagious Diseases Act is the vehicle used to maintain the country free of serious animal diseases, to eradicate those that can be eradicated, and bring under control those that cannot be eradicated.

● (1530)

Clauses 31 to 34, inclusive, of the bill are new. They give authority to regulate the care and treatment of animals while in transit. The idea is to reduce the incidence of sickness and disease in animals, and also to eliminate losses during transportation. To this end, the bill provides for the implementation of regulations affecting the movement of livestock by truck, air, rail and ship, both in and out of Canada, and Senator McGrand has given some further explanation on that point.

Other aspects of the bill are to clarify provisions of the act for which regulations already exist. The Department of Justice had expressed some doubt as to whether there was adequate authority in the act to justify the regulations under which the act has been operating. I must say that that bothers me somewhat. This strikes me as retroactive legislation to some extent. We notice that some civil servants have gone overboard in drafting regulations, and we plan to make it all right by giving them now the authority they should have had in the first place. It is a thoroughly unwholesome practice, and one which should not be encouraged.

That brings me to another point. The regulatory powers provided in this bill are very extensive and could easily lead to further abuse, this time on the part of those charged with implementing those regulations. I would ask Senator Argue, if and when this bill is sent to his committee, to pay special attention to the regulatory provisions with a view to ensuring that the basic rights of individuals are not unnecessarily tampered with.

The bill provides authority for the Governor in Council to regulate the importation, quarantine, destruction, disinfection or purification of animal products, by-products, fodder, fodder packing and anything else that might serve to spread infectious or contagious diseases.

[Senator Flynn.]

Also, regulations may be made under this bill to ensure that we do not export disease-bearing animals, animal products, or by-products, or anything else used in respect of animals which may have been infected. The logic behind this is obvious. We do not want to export disease for the simple reason that we do not want any other country to export it to us. Therefore, we are imposing stringent regulations on ourselves in the hope that the various countries which export animals, animal products, or animal by-products to us will do likewise.

The bill also authorizes the regulation of the conduct and operation of zoos and game farms to prevent animal diseases. My hope in March 1974, and it remains my hope now, was that these regulations would lead to better protection for the animals. I am sure that some of the illnesses suffered by zoo and game farm animals are caused by the neglect or downright cruelty and stupidity of some of the people who visit such establishments. We would also want to make sure, on this subject of zoos and game farms, that these places provide adequate accommodation for the animals, and properly trained staff to look after them.

The producers of dairy products will be forced to supply samples of milk and cream to protect human beings from consuming tainted food.

The bill provides that contagious diseases in animals will have to be reported as soon as detected, under pain of penalty for non-compliance. The penalty would be non-compensation when the disease is finally detected, and the animal or animals destroyed.

There are many other innovations in this bill, all of them commendable. They deal with artificial insemination, veterinary biologics, and the operation and maintenance of deadyards and rendering plants.

In March 1974, I raised the point that many recognized authorities in this field had not been consulted prior to the drafting of these amendments, and I mentioned two or three names. I now ask whether, in the period between March 1974 and the present, these people, or their replacements if they have moved on, were consulted? If our Agriculture Committee did not consult these men, perhaps Senator Argue could be prevailed upon to inquire of the departmental representatives, when they appear before the committee, if they consulted with these people.

In closing, I repeat that we support the principle of this bill. All these measures to be instituted to detect and protect against contagious diseases in animals are, ultimately, for the benefit of the human population. They are a protection for our own health, and it is for that reason binding upon us to see to it that they are realistic, effective and, more importantly, capable of application. For these reasons we support the bill.

Senator Norrie: Honourable senators, may I ask Senator McGrand a question? Has he any information on the cost of housing imported animals in quarantine in Quebec City? The last information I had was that the cost was exorbitant, which discourages any kind of importation of animals of that sort. It seems to me that somebody other than the farmer should bear the expense, or some of the expense, of the housing in quarantine of these animals.

Senator McGrand: I do not have that information.

Senator Flynn: You can ask in committee.

Senator Norrie: Yes, I will.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator McGrand moved that the bill be referred to the Standing Senate Committee on Agriculture.

Motion agreed to.

FEEDS ACT

BILL TO AMEND—COMMONS AMENDMENTS—REFERRED TO COMMITTEE

The Senate resumed from Tuesday, December 2, the debate on the motion of Senator Langlois for concurrence in the amendments made by the House of Commons to Bill S-10, to amend the Feeds Act.

Hon. Hazen Argue: Honourable senators, I think there is a feeling among some members of this house that perhaps the other place made an error in one of its amendments to Bill S-10, wherein it seeks to limit to \$2,000 the penalty upon conviction for indictable offences, in particular as it applies to corporations.

Since this report was made to the Senate there has been an informal meeting of members of the Standing Senate Committee on Agriculture. Although the meeting was informal, there was a good attendance, and there was unanimity amongst those present that this bill should be referred, with the proposed amendments, to the Agriculture Committee, where we can obtain the benefit of the advice of the Law Clerk of the Senate and, perhaps, officials of the Department of Justice. It is our view that we should take a look at these amendments, and decide whether or not the Senate should propose further amendment.

Since that time, four of us met informally with the Leader of the Government and put to him the request that this bill be referred to the Agriculture Committee. With me were Senator Macdonald, Senator McDonald and Senator Michaud. The Leader of the Government said he would be quite happy to see this done.

MOTION IN AMENDMENT

Senator Argue: Therefore, honourable senators, at this point I move, in amendment, seconded by Senator Greene:

That the amendments made by the House of Commons to Bill S-10, to amend the Feeds Act, be not now concurred in but that they be referred to the Standing Senate Committee on Agriculture.

● (1540)

The Hon. the Speaker: In amendment, it is moved by the Honourable Senator Argue, seconded by the Honourable Senator Greene, that the amendments made by the House of Commons to Bill S-10, to amend the Feeds Act, be not now concurred in but that they be referred to the Standing Senate Committee on Agriculture.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Senator Greene: Honourable senators, I wish to speak briefly to Senator Argue's amendment.

Senator Flynn: Certainly.

Senator Greene: What has happened—and I think it should be indelibly on the record of the Senate at this moment—is that the Senate, which is supposed to be the protector of corporate powers and the guardian of vested interests, put very tough restrictions in the bill to assure that the chief executive officers of corporations which are in violation of the act would be held personally responsible for such violation. We also inserted very severe penalties as against both the chief executive officers and the corporations who, in violation of the act, endangered the health, not only of animals, but of human beings.

It is rather ironic that the Senate, which took this step to protect the public, and which took a strong stand against any corporation and corporate officers who violate the provisions of the act, now see the House of Commons taking the teeth out of the bill and sending it back watered down by making the penalties for violations by corporations, and responsible officers of those corporations, much lighter.

If any part of the legislative arm of this country is the guardian of the rights of corporations, in this instance it is not the Senate; it is the other place. I think that should be very clearly on the record.

Senator Langlois: Honourable senators, I have a few comments I should like to offer with reference to the speeches made by the mover and seconder of the motion in amendment.

I have read the minutes of the committee of the other place which studied this bill, but that reading failed to reveal any pressure or move on the part of either witnesses or members of that committee to amend the bill so as to take away from the presiding judge the discretion of imposing a severe sentence on a corporation convicted of an indictable offence. Consequently, I am inclined to believe the striking out of subsection (1.1) was an oversight on the part of the committee in its anxiety to correct two drafting errors in the wording of the Senate amendments to section 10.

As honourable senators will recall, the first amendment of the House of Commons was to strike out the adjective "natural" before the word "person" in the proposed new subsection 10(1) of the act because under the Interpretation Act the word "person" used alone in any statute includes both a physical, natural legal person, and a corporation.

The second amendment was to correct the imperfect wording of subsection (1.2) which contravened the Canadian Bill of Rights, in that it deprived the chief executive officer of a corporation, convicted of an indictable offence under the act, of his fundamental right to a fair hearing. I would at this point quote subsection (e) of section 2 of the Canadian Bill of Rights:

—no law of Canada shall be construed or applied so as to

(e) deprive a person of the right to a fair hearing in accordance with the principles of fundamental justice for the determination of his rights and obligations.

However, since the chief officer of a corporation so convicted is not a party to the case against the corporation itself, he is placed in a position where he is unable to offer a defence, and also is in no position to appeal the decision, which creates a presumption of guilt in respect of the offence committed by the corporation. This amendment is a very important one which ought to be made, and I am sure every senator will concur in this opinion.

The committee of the other place, in making this amendment, inadvertently, I presume, struck out the provision of subsection (1.1), leaving the imposition of the penalty to the presiding judge in the case of a corporation convicted of an indictable offence under the act.

In my opinion, the new wording of subsection (1.2) of section 10, as adopted by the committee of the House of Commons, is not all that bad in that it goes further than the wording of the original Senate amendment in not limiting the possibility of indictment to the chief officer of a corporation, but also to any officer or director. The relevant part of subsection (1.1), as amended by the committee of the House of Commons, is as follows:

(1.1) Where a corporation commits an offence under this Act or the Regulations, any director or officer of the corporation who authorizes or acquiesces in the offence or fails to exercise due diligence to prevent its commission is guilty of an offence and liable to the punishment provided for in subsection (1).

This wording goes further than the wording suggested by the Senate in its original amendment, limiting the possibility of indictment to the chief officers of corporations. If there is a deterrent to be found in this section, it is the possibility of indictment of any director or any officer of a corporation, because as honourable senators know, a corporation speaks through its officers.

I am in sympathy, as I think I have made quite clear up to now, with Senator Argue's motion to refer these amendments to the Standing Senate Committee on Agriculture. However, I would suggest that care be taken not to lead the Senate into a deadlock with the House of Commons through a confrontation at this late stage of the session.

I am sure all honourable senators have vividly in their minds a similar situation which was allowed to develop a year or so ago when this house, in comparable circumstances, was in a deadlock with the other place. In the final analysis, the Senate had to accept the amendments of the House of Commons. Care should now be taken not to lead the Senate into a similar position.

I would even venture to suggest that the passing of these amendments, after a careful and thorough study of them by the Agriculture Committee with the officials and possibly the minister of the Department of Agriculture, would go a long way towards finding the most desirable solution to the problem if followed by a strong recommendation to the House of Commons that it introduce an acceptable amendment at the very next opportunity.

[Senator Langlois.]

I would, therefore, support this motion in amendment.

• (1550)

Senator Flynn: If the minister and other officials appearing before the committee are as convinced and as convincing as the deputy leader, it seems to me that the committee will report concurrence in the amendments.

Senator Argue: Honourable senators, I shall be pleased to have these amendments referred to the Standing Senate Committee on Agriculture. I believe the deputy leader is correct in his interpretation of the actions in the other place. They passed these amendments inadvertently, particularly the one which would remove fines from the discretion of the court.

When our committee was studying this bill, Senator Greene made the point that a large feed company could doctor its feeds and thereby illicitly make hundreds of thousands of dollars. In such a case, a fine of \$1,000 or \$2,000, far from being a penalty, would be merely a licence fee to continue committing the offence.

The impression I got from reading the evidence before the committee of the other place, with its four or five false starts concerning amendments, was that they really did not know what they were doing. Most interesting to me was the fact that in the debate on third reading in the other place, the members of the NDP, who consider themselves great friends of the little person and antagonists of the corporations, made no complaint at all about these amendments. Just imagine Stanley Knowles letting it get past him that Canada Packers can doctor the feeds, and get away with a small fine of \$2,000. But the ironic aspect of that debate is that the last person to speak on third reading of this bill in the other place, Mr. Nystrom, the member for Yorkton-Melville, instead of dealing with the bill itself, called for the abolition of the Senate. Among other things, he said that the senators represent their parties, and lobby for corporations.

Well, we are trying to have penalties that fit the offence. We are not trying to make them unduly harsh. We simply feel that when a corporation commits an offence it should be up to the court to decide the amount of the fine. As a senator, I am happy that the Senate appears to be taking a reasonable course in not letting the corporations off the hook, as certain members of the other place apparently have succeeded in doing. To repeat, the best interpretation to be placed on their actions is that they really have not followed the matter carefully, and they certainly did not know what they were doing.

I can assure Senator Langlois that the Standing Senate Committee on Agriculture will look at this matter in a responsible way. Anyone wishing to appear before the committee will be given a hearing. My own personal opinion, which is obviously that of a farmer, not a lawyer, is that we should use the words of Bill C-73, which was just passed by this house "... on conviction on indictment, to a fine in the discretion of the court..." I think it would be an improvement if we had such words in this particular bill. If we deleted the limit of \$2,000, and substituted "a fine in the discretion of the court," we would be on pretty solid and reasonable ground.

In any event, we shall be looking at that quite carefully in committee, and I invite Senator Langlois to appear at the meeting of the committee to give us the benefit of his judgment.

I might just say that since this matter came before the Senate, I have been busy taking a quick course in law from a number of professors. I have found that the professors, the authorities, very seldom agree with one another, but—

Senator Flynn: It is the same thing in agriculture.

Senator Argue: —but perhaps the Senate will be able to improve the bill.

Motion in amendment agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 17, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

NATIONAL CAPITAL REGION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Poulin had been substituted for that of Mr. Baker (Gander-Twillingate) on the Special Joint Committee on the National Capital Region.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Munro (Esquimalt-Saanich) had been substituted for that of Mr. Alexander on the Special Joint Committee on Employer-Employee Relations in the Public Service.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Fairweather had been substituted for that of Mr. Balfour on the Standing Joint Committee on Regulations and other Statutory Instruments.

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1975

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-80, to provide supplementary borrowing authority for public works and general purposes.

Bill read first time.

Senator Perrault: Honourable senators, I move that this bill be placed on the Orders of the Day for second reading later this day.

Senator Flynn: With leave.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Flynn: Of course.
Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of Uranium Canada, Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1974, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

[Translation]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—SEVENTH REPORT TABLED

Senator Forsey, Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, tabled the seventh report of the committee as follows:

Wednesday, December 17, 1975.

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Seventh Report as follows:

Your Committee approves in principle the concept of legislation relating to freedom of information and therefore recommends that:

(1) the references given to it by the House of Commons December 19, 1974, i.e. the subject-matter of Bill C-225, An Act respecting the right of the public to information concerning the public business, and the Guidelines for Motions for the Production of Papers tabled December 19, 1974, by the President of the Privy Council, be referred to it again in the next Session of this Parliament together with the evidence adduced in relation thereto;

(2) the House of Commons consider the advisability of expanding such terms of reference to include an examination of the Official Secrets Act, the Federal Court Act, the Statistics Act, Prerogative Writs, and other laws which are related to the question of freedom of information and the protection of privacy;

(3) the House of Commons further consider the advisability of directing the Committee to consider the question of automatic data processing in the above context, with due protection for privacy of persons.

Respectfully submitted,

Eugene A. Forsey
Joint Chairman.

[English]

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Barrow, for Senator Macnaughton, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-74, to amend the Regional Development Incentives Act, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Barrow moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

● (1410)

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Flynn: Did the committee meet this morning?

Senator Argue: No, we were not able to. We hope to sit at 3 o'clock this afternoon to deal with a proposed amendment. If we have something substantial to report, I hope we will be able to report later today and proceed with the bill expeditiously.

Senator Flynn: Under those circumstances, I am of the view that leave should be granted. I was wondering whether the committee had undertaken a lengthy study of the bill.

Senator Greene: Don't be against the farmers.

Senator Flynn: I'm not.

Motion agreed to.

REPORT OF URANIUM CANADA, LIMITED

PROPOSED REFERRAL TO STANDING SENATE COMMITTEE ON NATIONAL FINANCE—QUESTION

Senator Flynn: Honourable senators, may I ask the Leader of the Government if it is his intention to move that the report of the Auditor General, which he has just tabled, be referred to the Standing Senate Committee on National Finance? I am sure that Senator Everett would welcome such a move.

Senator Perrault: Honourable senators, I can see no objection to that procedure.

CRIMINAL CODE

THERAPEUTIC ABORTIONS—SUPPLEMENTARY ANSWER

Senator Perrault: Honourable senators, may I endeavour to reply more fully to a question posed yesterday by the Deputy Leader of Her Majesty's Loyal Opposition. Senator Grosart made an inquiry with respect to the operation of the Committee on the Operation of the Abortion Law. He asked whether I would agree to comment on why:

... the decision was taken that interested parties, obviously with some expertise, were not permitted to even put before the committee documentation of the facts as they would see them? Is there a reason for that?

I wish to provide assurances this afternoon that there is no intention on the part of the committee to deny the opportunity to any group to place material before it. It has not been constituted as a formal royal commission, however, and thus the opportunity for formal presentation does not exist within the terms of reference which brought the Committee on the Operation of the Abortion Law into existence.

I would remind honourable senators that the following words were part of the official statement which I provided yesterday:

It will be appreciated that as a scientific working group the committee is not authorized to hold public hearings. However, we are assured that the research design will provide in various ways for consulting the knowledge and experience of the public. The committee has advised the representatives of groups who have inquired that it is prepared to accept material falling within its terms of reference which will aid it in its task.

I have undertaken further inquiries this morning, and no group with material which it believes to be important for the deliberations of the committee has been denied the opportunity to make that material fully available to the committee. Therefore, I am pleased to provide the assurance that there is no attempt to exclude pertinent information from that committee.

REGIONAL DEVELOPMENT INCENTIVES ACT

QUESTION

Senator Flynn: Honourable senators, Bill C-74, to amend the Regional Development Incentives Act, has been placed on the Orders of the Day for third reading tomorrow. May I ask the Leader of the Government whether it is still the intention of the government to push the adoption of this bill in view of the possibility that this program may be one of those cut, according to an announcement which is to be made tomorrow with respect to various programs that are to be eliminated because of the government's new restraint program?

Senator Perrault: Honourable senators, present plans call for the advancement of this legislation in this chamber as expeditiously as possible. The Leader of the Opposition, in his comments with respect to a possible announcement tomorrow, must base his remarks on speculative stories which have appeared in the media.

Senator Flynn: The only assurance I wanted from the Leader of the Government is that we would not be making an empty gesture by giving third reading to this bill tomorrow.

Senator Perrault: Honourable senators, I want to assure this chamber that the Senate is not interested in any kind of empty gestures. We are concerned about extending the regional development incentives program as effectively and efficiently as possible in those areas of the country where this kind of program is required. As of today, as of this hour, the intention is to proceed with the legislation. It may—

Senator Asselin: It may change tomorrow.

Senator Perrault: It may be, however, that members of the Opposition—and it will be their right to do so—may wish to suggest another course of action after certain announcements are made later this week.

Senator Flynn: Tomorrow is another day.

Senator Perrault: C'est vrai.

AGRICULTURAL PRODUCTS COOPERATIVE MARKETING ACT

BILL TO AMEND—THIRD READING

Senator Buckwold moved the third reading of Bill C-21, to amend the Agricultural Products Cooperative Marketing Act.

Motion agreed to and bill read third time and passed.

GOVERNMENT ANNUITIES IMPROVEMENT BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Barrow for the second reading of Bill C-75, to increase the rate of return on Government Annuity contracts, to increase their flexibility and to discontinue future sales thereof.

Hon. Allister Grosart: Honourable senators, we had a thorough and excellent explanation of this bill given yesterday by the mover, Senator Barrow. I wish merely to add a few comments to his remarks.

The purpose of the bill is simple. It is to bring about some long overdue changes in the levels of annuity payments for both matured and unmatured contracts. The purpose of the bill is simple but the bill itself is quite complex, because it is not a simple matter to satisfy all the particular requirements of annuitants under the very complex arrangements that have grown up over the years. The ramifications are wide and long in the bill.

Bill C-75 had the support of all parties in the other place, with some qualifications to which I will refer in a moment. The prime purpose of the bill, of course, is to raise the rate of return on government annuities to 7 per cent, retroactive to April 1, 1975; that is, all contracts which have interest rates ranging from the present 3 per cent to 5¼ per cent—there are five levels of interest rates in force at the moment—will have these interest rates raised to 7 per cent for unmatured annuities. This will be a straight accumula-

[Senator Perrault.]

tion of contributions and interest at the new rate until maturity.

For presently matured annuities and those which will mature in the future, the 7 per cent rate of return has been translated into a schedule of percentage increases applied to the contractual amounts of the annuities, depending on the original rates of interest. The increased rates vary from 10 per cent for 5¼ per cent contracts to 32 per cent for 3 per cent contracts.

It may have surprised honourable senators to know that there are still 3 per cent contracts in force. This, of course, is the case because this annuity program goes back some 67 years to 1908, as Senator Barrow told us yesterday.

• (1420)

Because of this increased rate of return there are some consequential changes, one of which is in respect of the ceiling, the total amounts of each annuity base. There are some other consequential changes to increase the flexibility of the bill in respect of benefits from the increased rate of return. There are some housekeeping changes, designed mostly to make it possible for the annuitant to have more flexibility in the way the annuity is paid, and to protect his interest where the purchaser may be a third party. Another change is the official appointment of the Auditor General to audit the annuity fund. Another is to officially authorize the use of the Consolidated Revenue Fund. The bill also provides for a much better schedule of reports to Parliament on the status and operation of the fund.

Finally, the bill gives official recognition to the fact that the time has come to bring this long-established program to an end. The question has been asked why this had not been done by a simple repeal of the act. The reason is that the interests of the annuitants are continuing, and will probably continue until about the year 2050 because of the long-range nature of some of the unmatured annuities.

About 280,000 Canadians will be affected, some 106,000 who now have matured contracts and 175,000 who have deferred contracts. Yesterday there was some discussion about the present status of sales contracts under the act, and we were told, quite correctly, that last year there were only eleven new sales, so public interest in using these annuities for pension protection has practically died out for both individuals and those corporations that were using the annuities as all or part of their pension funds.

A question was raised yesterday about the rather peculiar language of clause 8, which says:

Where an annuity contract under the *Government Annuities Act* does not permit the annuitant to request changes in his annuity without the purchaser's consent and—

This is the peculiar phrase.

—the purchaser has died or gone out of existence, the annuitant has the same right to request changes in his annuity as had the purchaser.

Senator Greene: It perhaps refers to ones that are in the Senate.

Senator Grosart: "... died or gone out of existence" could refer to some of us. The intent, of course, is to include both the individual and the corporate contracts that will go out of existence.

I said I would mention some of the qualifications that have been made, the first of which refers to the 7 per cent level. It has been understandably asked if this is not too low a level of return on cash investment under present circumstances in the financial markets. Suggestions have been made that 10 per cent would be a more realistic level of return on this kind of investment. However, I think we have to consider that this is an investment fund and is not therefore in the same category as other pension funds or funds relating to pension payments, such as those under the Canada Pension Plan, Old Age Security, and so on.

The 7 per cent rate is about the rate on the national debt, and it is said to be a synthesis of current returns in the private investment sector. I have no quarrel with that.

However, there is what I believe to be an important provision that the Governor in Council can raise or lower the interest rate on any contract, but not below the original rate at which the contract was entered into; that is, not below the 3 to 5½ per cent rates.

In reply to questions asked in the other place, an answer was given that it was expected that this 7 per cent rate would not be reviewed for about three years, but that it would be reviewed within three years.

The retroactive date of April 1, 1975, was complained of by some as not giving an adequate retroactive effect to this change in the interest rate, and the corresponding increase in the maturity value of the contracts. The estimated cost of this increase in the interest rates overall, on both matured contracts, is \$38 million as indicated yesterday. The question was whether in the present circumstances that was a big enough drain to place on the Consolidated Revenue Fund at the present time. Of course, reference was made to the fact that there have recently been retroactive increases in reimbursements, some of which have been greater than to the date of April 1, 1975.

It also has been suggested that the yield of these annuity contracts should be indexed or, at least, related in some way to the increasing cost of living. The answer given here—again, I think it probably makes sense—is that this is an investment portfolio situation and not—again, for want of a better word—a welfare pension plan.

I think the reason for the discontinuation of sales is obvious. When sales drop to 11 per year, it is obvious that the Annuities Act has served its purpose, and I think well served its purpose, over the years. I do not know what the intention is of the sponsor as to the disposition of the bill. No doubt he will indicate whether, in his judgment, it is necessary for it to go to committee, in which case the Leader of the Opposition will make a response from this side.

Senator Flynn: Honourable senators, may I ask a question of either Senator Grosart or Senator Barrow about the discontinuance of this program? The apparent reason, of course, is that last year only 11 sales were made, but it seems to me that this drop is due mainly to prevailing conditions. They were paying only 3 per cent last year. If under new conditions there were to be a renewed demand, would the government consider continuing the program, or is discontinuance related to something else? Are there programs presently available in the private sector? That, to me, would seem to be the major consideration for the

discontinuance because, after all, the drop in sales is obviously related to the conditions that attach to these annuities.

Senator Barrow: Honourable senators, it is my understanding in connection with this bill that there are other private plans, and it was considered unnecessary to continue with the present program.

Senator Forsey: Honourable senators, I should like to make just a couple of brief comments on this legislation.

First of all, I think it is long overdue and I welcome it very warmly. In the second place, I share the misgivings just expressed by the Leader of the Opposition. I am disappointed that it is proposed to discontinue this program. I am not persuaded that annuities are being adequately handled now by private corporations. There is room to doubt whether the field is being adequately covered by private pension plans, and I regret very much that the legislation provides for the discontinuance of the annuity sales.

● (1430)

I feel confident that with the new rates which are proposed there will be a market, shall I say, for the annuities, or there will be a renewed interest or renewed demand for them, and I believe there is reason for such a renewed demand because the private sector has not as yet sufficiently met the requirement that people have for this kind of annuity.

Senator Barrow: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Barrow speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Barrow: Honourable senators, I have little to add to what I have already said. I should like to thank Senator Grosart for his review of the matter. In the event that there may be questions, I would suggest that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Barrow moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1975

SECOND READING

Hon. Léopold Langlois moved the second reading of Bill C-80, to provide supplementary borrowing authority for public works and general purposes.

He said: Honourable senators, the bill now before the Senate seeks to increase the statutory borrowing authority by \$2 billion retroactive to April 1, 1975. This is exactly the

same increase in borrowing authority as that sought in clause 5 of the last supply bill.

The Financial Administration Act, Part IV, section 36, requires that "no money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of Parliament." This refers to new funds since section 38 of the same act permits the borrowing of such sums of money as are required for the repayment of any securities that were issued under the authority of Parliament, other than section 39, and which are maturing or have been called for redemption.

It has been the custom since Confederation to include requests for new borrowing authority in one of the first appropriation acts for a new fiscal year. Furthermore, when circumstances have necessitated increases in this borrowing authority, such increases have always been sought in subsequent appropriation acts. Any unused borrowing authority remaining at the end of the fiscal year is cancelled when new borrowing authority has been granted for the new fiscal year.

The need for the new borrowing powers during each fiscal year reflects several factors. It reflects, first, the amount of expenditures approved by Parliament in the main estimates, interim supply and supplementary estimates. It reflects also the budgetary and non-budgetary financial requirements resulting from the difference between the expenditures approved by Parliament and the sources of revenue approved by Parliament also.

The prime justification for including the new borrowing authority in the appropriation acts is that borrowing powers to make up any shortfall between revenues and expenditures should follow fairly automatically, since the shortfall and the borrowing requirements are a consequence of action already taken by Parliament. My information is that it is the government's intention to continue the long established practice of including requests for borrowing authority in appropriation acts in the future.

As a result of the highly successful Canada savings bonds campaign, the Government of Canada raised about \$4,336 million in the current fiscal year to November 28, 1975. Of course, redemptions of Canada savings bonds are taking place continuously, and normally average about \$100 million per month. In the absence of new borrowings the government would, therefore, be well within its present \$4 billion statutory borrowing authority by the end of the fiscal year 1975-76. However, unless additional new borrowing authority is authorized by Parliament, the government will not be able to raise the additional funds which it needs in the remainder of the fiscal year.

In this connection it will be recalled that sales of this year's series of Canada savings bonds were terminated on November 14 last. This decision was taken because it then appeared possible that net sales of Canada savings bonds might use up most, if not all, of the unused statutory borrowing authority. At the same time, the on-going treasury bill financing program was brought to a temporary halt, and it was subsequently decided not to raise new cash in the December 15 marketable bond refunding issue which was announced on November 28.

The borrowing authority of \$4 billion granted by Parliament not only reflected the shortfall between expenditures

[Senator Langlois.]

indicated in the main estimates and anticipated on-going sources of budgetary revenues, but also provided some margin for contingencies. In the budget presented to the House of Commons on June 23, budgetary and non-budgetary financial requirements were revised upwards to a figure of \$5.3 billion. The various provisions introduced in the June budget were subsequently debated and approved by Parliament. On November 14 the House of Commons was informed that financial requirements for this fiscal year would be between \$5 billion and \$6 billion.

While the \$2 billion additional borrowing authority sought in this bill reflects the higher level of financial requirements anticipated for fiscal year 1975-76, new funds to be raised in capital markets during the balance of this fiscal year are expected to be substantially less than this amount. Without wishing to be too precise concerning the government's borrowing plans over the balance of the current fiscal year, I would say that, subject to prevailing market conditions, an amount equal to about half the increase in borrowing authority might be raised in the capital markets. The balance will provide a margin to deal with any unforeseen contingencies such as foreign exchange transactions, and to provide adequate flexibility in debt management and monetary policy.

I am also informed that it is the government's intention to recommence a regular borrowing program through the issue of treasury bills early in 1976, and to raise new funds through the issue of marketable bonds on February 1 next, when \$150 million in Government of Canada bonds will mature.

It is for these reasons, honourable senators, that an increase in the statutory borrowing authority is being sought before the Christmas recess. If opportunities to raise new funds in the capital markets are missed now, then of necessity additional burdens will have to be placed on capital markets in the next fiscal year.

● (1440)

I commend this bill to the favourable consideration of this house.

Hon. Jacques Flynn: Honourable senators, before replying to the deputy leader, may I put three questions to him?

If I heard him correctly, he stated that, notwithstanding the decision of Mr. Speaker in the other place, it was the intention of the government to resume the inclusion of borrowing authority in appropriation bills. Is that correct?

Senator Langlois: Yes, it is correct, but I think it would be improper to discuss any decision of the Speaker in the other place in this chamber.

Senator Flynn: But I am not discussing the decision of the Speaker. I am asking if the government intends to challenge the decision.

Senator Langlois: Not to challenge it. I never said that.

Senator Flynn: You said it is going to do that despite the fact that the Speaker said it was improper.

Senator Langlois: I never said that it was despite the decision of the Speaker in the other place. I said I was informed that it was the intention of the government to continue the current practice which has been established ever since Confederation.

Senator Flynn: I said "resume" because the government had to change its mind in the present instance. In any event, I was not criticizing the decision of Mr. Speaker. I suggest that it was the deputy leader who was criticizing him, since he said that he would not take it into consideration.

The second point is that, if my understanding is correct, an objection was raised in the other place with regard to the requirement of a recommendation of his Excellency the Governor General prior to the presentation of this bill. If I have read *Hansard* correctly, Mr. Speaker has not made any decision in this respect. So, is the deputy leader satisfied that no such recommendation is required for such a bill?

Senator Langlois: Yes, but I would again remind the Leader of the Opposition that I did not criticize, nor did I take objection to, the decision taken by Mr. Speaker in the other place. I merely said that basically his decision was a result of the standing orders of the other place, which do not apply to this house. That is the only comment I made, and I even added that the position I took last year in this chamber was not even raised in the other place—that is, to the effect that borrowing authority is not an appropriation and, therefore, under the Constitution of Canada, need not be recommended to the house by his Excellency the Governor General. This is clear enough.

Senator Perrault: Hear, hear!

Senator Flynn: It is clear enough—that is to say, your interpretation is clear enough—but I do not agree that it is correct. I simply said that you were in one way criticizing the decision of Mr. Speaker. In any event, that was intended only to clear the road for the passage of this bill, and I am sure the Deputy Leader of the Government wishes that.

My last question is as to whether the deputy leader is willing to move that this bill be referred to committee after second reading in order that we might examine the problem of borrowing authority, the state of the debt, et cetera.

Senator Langlois: Well, honourable senators, since this is not a supply bill, and since it is a bill merely seeking authority to borrow money, I would have no objection to its being referred to committee, but I do not think it should be to the Standing Senate Committee on National Finance.

Senator Flynn: I do not care which one, but why not the National Finance Committee?

Senator Langlois: But I would like, before concurring in the views of the Leader of the Opposition, to know the purpose he has in mind in insisting on sending this bill to a committee. Is it a question of checking on the wording? I think we need to know that in order to decide which committee it should be referred to.

Senator Flynn: For the purpose of looking into the practice of the government with regard to borrowing. It has been well explained by the Deputy Leader of the Government, and I am not trying to suggest that we would learn much more. But having the officials of the Department of Finance before the committee would be useful, I think. It would help us to find out exactly why these borrowing authorities are used, what the present state of the debt is, and so on and so forth. We could also find out

how the last issue of savings bonds sold. I think there are quite a number of questions that can be asked with regard to this bill if the deputy leader is willing to move that it be referred to committee. It can be the committee of his choice; I do not mind. But it seems to me that the subject matter concerns national finance. Nevertheless, if he wants it to be referred to the Health, Welfare and Science Committee, or any other committee, then I have no objection. If I get that assurance, then I think we can give this bill second reading this afternoon.

Senator Langlois: Honourable senators, as I said in the house last year, and again this week, I have no objection to a bill of this kind being referred to an appropriate committee—that is, if it is a question of procedure or a question of wording. But, as I said, since the Senate has no power whatever to amend money bills—

Senator Flynn: No, no, no.

Senator Langlois: Honourable senators, we cannot amend money bills, and that is a fact.

Senator Grosart: No.

Senator Langlois: Well, that is your own opinion, but I am of the contrary view. If the Senate took the attitude that it could amend any money bill or any appropriation bill, or whatever you call it, I think the Senate would be taking a very wrong stand. On the other hand—and this is the point I have in mind just now—I am ready to have any such bill referred to the appropriate committee on a question of wording or a question of procedure.

Senator Flynn: It is on the question of substance.

Senator Langlois: This is really a bill seeking authority to borrow money under the Financial Administration Act. Now, I am ready to agree that this bill be sent to a committee, but I do not know as yet which one. I am in the hands of the Senate in this respect. I have no objection whatever, providing we are able to deal with the bill before we adjourn sometime later this week.

Senator Flynn: That is my point. I do not see any reason for the deputy leader's hesitation. If he says he is willing to refer the bill without any restriction to a committee of this house, then I leave it up to him to choose the committee. I am willing to resume my seat and let second reading take place at this time, and then the bill can be referred to committee. I do not think this is the kind of bill that should be dealt with by the whole Senate. There are very precise questions that I would like to put to officials, if we cannot have the minister himself. With that assurance on the part of the deputy leader, I am willing to resume my seat and let second reading take place.

Senator Grosart: May I ask the deputy leader if he would agree that this bill refers to government finance?

Senator Langlois: No.

Senator Grosart: It does not refer to government finance?

Senator Langlois: It is very germane to it but it is not referring to government finance. It is not an appropriation bill, and if you are trying to make it so, I disagree.

Senator Grosart: I am not saying it is a finance bill. I am asking if it deals with the financing of the government. Is

it a government finance bill? Does it deal with the financing of the government? I am not saying it is an appropriation bill; I am asking if it is a government finance bill.

Senator Langlois: In one sense, it could be said to be so.

Senator Grosart: Would you say it refers to the estimates?

Senator Langlois: Yes.

Senator Grosart: Then I would draw your attention to rule 67(1)(h) which reads as follows:

The Senate Committee on National Finance... to which shall be referred on motion all bills, messages, petitions, inquiries, papers and other matters relating to federal estimates generally, including:

- (i) national accounts and the report of the Auditor General;
- (ii) government finance.

So, honourable senators, our rules say that any bill referring in any way to government finance or federal estimates "shall be referred".

● (1450)

Senator Langlois: The honourable senator may be right in some way, but this is not an appropriation bill *per se*.

Senator Grosart: I didn't say it was.

Senator Langlois: There is a fundamental difference in the stand we are taking here. I hope I may be permitted to explain my position.

I am trying to ascertain which is the appropriate committee. I have some doubt about whether this bill should go to the National Finance Committee. Although this is related to the financing of expenditures, it is not an expenditure *per se* that we are voting in this bill. If honourable senators are satisfied with the limitations which may arise during the debate in committee, I am prepared to move that the bill be referred to the Standing Senate Committee on National Finance.

Senator Smith (Colchester): May I ask a question of the deputy leader with respect to the capital markets which he mentioned? Was he referring to those in this country or in other countries?

Senator Langlois: In this country, and in other countries if financing is sought in foreign markets. It is not restricted to the domestic market.

Senator Smith (Colchester): I am well aware of that, and I thank the Deputy Leader of the Government for his reply.

Does the government expect to be able to raise the money in Canada, or will it have to go to United States markets?

Senator Langlois: I am not aware of the expectations and hopes in that direction, not being in that department. If the domestic market is not sufficient to supply the financing needed, we will no doubt seek financing outside Canada.

Senator Smith (Colchester): Exactly. I take it that the deputy leader's answer is that it is highly probable that resort will be made to capital markets in the United States for the borrowing of some of this money?

[Senator Grosart.]

Senator Langlois: It might be so.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

TWENTY-FIRST GENERAL CONFERENCE AT NEW DELHI,
INDIA—DEBATE CONCLUDED

The Senate resumed from Wednesday, December 3, the debate on the inquiry of Senator Bonnell calling the attention of the Senate to the Twenty-first General Conference of the Commonwealth Parliamentary Association, held at New Delhi, India, 26th October to 10th November, 1975, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada.

Hon. Allister Grosart: Honourable senators, I am speaking now to the inquiry calling the attention of the Senate to the Twenty-first General Conference of the Commonwealth Parliamentary Association which was held recently in New Delhi.

Senator Bonnell—I am sorry he is not here—gave an excellent explanation of what went on at the conference, and made some very searching comments of his own on the proceedings. I want to compliment him on that. If he were here I would tell him that I had a message from New Delhi only today saying that they regarded his report to the Senate to be of such excellence that they want to publish it.

Senator Bonnell made an outstanding contribution. I believe this was his first attendance at a CPA general conference. He was active in the plenary sessions, the committees and the seminars, and I might add, because his wife was with him in New Delhi, that he was also very active in the shopping bazaars. He was the only senator who was a member of the Canadian delegation; I attended in another capacity.

I should perhaps say on this occasion that the Commonwealth Parliamentary Association is unique among the many interparliamentary associations. First it is the only association which includes delegates from all the provinces and states comprising the four federal countries which are members of the CPA—that is to say, India, Australia, Malaysia and Canada. It is also the only association which holds regular conferences, meetings and seminars in Canada, to which there are delegates from all the provinces.

At the present time it is the only interparliamentary association which has as chairman of its executive committee a distinguished provincial premier, the Honourable Gerald Regan of Nova Scotia. It has some 95 branches, and Senator Bonnell referred to the 35 countries represented.

The CPA differs from other such associations in that it has delegates from all the legislatures in those countries, and in our case this includes representatives of 14 legislatures. It is not always remembered that we have 14 legislatures in Canada—the two legislatures in the Parliament of Canada, the 10 provinces, and the councils of the Northwest Territories and the Yukon Territory, which are now officially regarded as legislatures because their members are elected.

This conference was held in India at a very unusual time in the history of that country. It took place during what is called there "The Emergency." Honourable senators are aware of the situation that has arisen, and of the criticism around the world of the steps which have been taken by the Indian government to meet that emergency.

I might say that one of the first remarks made to me by a very high level member of the Government of India was, "Is what we have done very different from what you did in Canada to meet the FLQ crisis?" I said I thought it was. I said that we had perhaps taken almost the same powers, but had not used them all. Certainly there were some that we would not have used unless—

Senator Langlois: Short of jailing the Opposition.

Senator Grosart: I was not going to go into that in detail. As an Opposition senator, I had no fear of going to jail, but that certainly was one of the differences, and there were others.

Senator Langlois: A big one, too.

Senator Grosart: Yes. Unquestionably there were some big differences. However, the fact remains that the Canadian Government did take very sweeping and undemocratic powers on that occasion.

● (1500)

I think all of us came away with at least the reaction that when in India the situation looked very different from the way it looked when outside India. I will say no more about that, except to add that the Indian Government makes what appears on the surface to be a good case, namely, that India was faced with anarchy. Whether that was a fair assessment, or whether the reaction was too great, I will not discuss at this time. I will merely say that, in my view, we should all be extremely careful in applying the standards of democracy as we see them in our country to emerging countries.

I, for one, have had a good deal to do with looking at the one-party systems in certain African countries and in one other, and I must say that in some respects the one-party state is not very much less democratic than our own. In one state, of which I know, five cabinet ministers were defeated in an election recently, which indicates some degree of democracy still existing even in a one-party state. Much the same applies to India. Their problems are unbelievable. For example, with respect to communications, I was told that one of their indicators of social progress is the fact that now one in five villages has a communal radio receiver. One can understand the problems there are of communicating with a population of almost 600 million people, the vast majority of whom are in those villages.

Senator Langlois: What about the use of dialects?

Senator Grosart: I think there are 15 officially recognized languages. And we think we have a problem in Canada!

Senator Langlois: And one radio receiver—

Senator Grosart: And one radio receiver in every fifth village. That is the situation.

Senator Denis: We are fighting hard to get only two languages in Canada.

Senator Grosart: When Senator Denis says we are fighting hard to keep down to two official languages, he may be right.

Senator Denis: We have three languages—English, French and my own.

Senator Fournier (de Lanaudière): Who cares about your own?

Senator Grosart: We all care very much, because we always like to understand what Senator Denis is saying, since his remarks are always pertinent, short and very much to the point.

There was some discussion, not in the regular sessions but in private conversations, particularly my own, about the nuclear explosion in Rajasthan, which took place on May 18, 1974. The effect of this was, of course, to add India to the five other countries of the world that have set off underground or overground nuclear explosions, the other countries being the United States, the USSR, the United Kingdom, France and China. That in the last named country may have had something to do with India's decision to move along the nuclear explosion path as far as it has. The Indians make a very strong claim, indeed insist, that they have exploded the atom for purely civilian purposes.

The matter has become of interest in Canada because the plutonium used to bring about that atomic explosion came from a reactor supplied by Canada—not the Rajasthan reactor but a smaller, experimental reactor that we provided to India at the time of the Colombo Plan in about 1957. It is the CIRUS NRX reactor. This produced the plutonium used in the nuclear explosion in Rajasthan. As a result, the Canadian Government has notified India that we are delaying, perhaps withdrawing, all support for their nuclear program.

This is a matter of great concern to the Indian Government and to the Indian people, because their most successful reactor was provided by Canada, and we did enter into a contract with them to provide a second identical 220-megawatt reactor. This particular reciprocal exchange between Canada and India is now temporarily at an end. I can say that the Indian Government is very much concerned, and when asked about it my only comment was that I had no doubt the officials and statesmen on both sides would find a way to resolve this problem.

Canadian aid to India is by far our greatest single contribution to developing countries. Our aid to India is fifth amongst that of all the nations of the world, and India is most anxious to continue their reciprocal, and previously excellent, relations with Canada.

There was also an interesting reference to the fact that an Indian city is "twinned" with Calgary, namely the City of Jaipur, one of the ancient, historic cities of India. Some of us were there one evening when there was a celebration

of that fact, and there was more than one suggestion that Indians would welcome similar "twinning" with Canadian cities.

One of the results of the General Council meeting was the election of the Speaker of the House of Commons, the Honourable James Jerome, as Vice-President of the Association, looking forward to 1977, when Mr. Speaker Jerome will be the President at the conference in Canada.

At this time I have no further comment to make on the situation, except to say that if any honourable senator is particularly interested in examining the facts upon which the very drastic and Draconian decisions of the Indian Government were taken, there is information available, and it will almost certainly change the viewpoint of anybody who has tended to condemn out of hand the steps the Indian Government has taken.

The Hon. the Speaker: As no other honourable senator wishes to participate in this debate, this inquiry is considered as having been debated.

CRIME AND VIOLENCE

MOTION TO ESTABLISH SPECIAL SENATE COMMITTEE— MOTION IN AMENDMENT—DEBATE ADJOURNED

The Senate resumed from Tuesday, October 21, the debate on the motion of Senator McGrand that the Senate considers it desirable that a special committee of the Senate be established at an early date to inquire into and report upon crime and violence in contemporary Canadian society.

Hon. Charles McElman: Honourable senators, I will detain you but briefly. However, I do wish to join other senators who have spoken in this debate in commending Senator McGrand for bringing this most important subject to the attention of the Senate. I also congratulate him on the clarity and quality of his remarks on that occasion.

Unfortunately, a considerable period of time has elapsed since Senator McGrand introduced this motion, and honourable senators are faced only with the very broad terminology of the motion itself rather than its real purpose, which was so well expressed by Senator McGrand.

● (1510)

It is readily understandable that concerns have arisen, such as those expressed recently by the Honourable Senator Choquette, that a study launched under such broad and imprecise terms could range in many directions, be very costly and take two or three years to complete. So we really have to return to the terminology used by Senator McGrand in his speech to determine his intent rather than look for it in the motion itself. Did Senator McGrand wish to have the Senate undertake a study of organized crime, the Mafia, in Canada? His remarks, of course, make it clear that he did not. A public study of organized crime is currently under way in the province of Quebec, and continuing studies of such matters are carried out by the provincial attorneys general and the solicitors general and the enforcement agencies which are answerable and responsible to them.

Did Senator McGrand wish the Senate to inquire into the drug culture, prostitution, rape and the variety of related criminal areas, as one speaker in this debate

[Senator Grosart.]

appeared to suggest? He did not, of course. Such a study might prove titillating to some and cause the media to give coverage to the Senate—a type of coverage we do not seek but which they might give us if there was sufficient sensationalism associated with it. But again these are matters under continuing study by the authorities mentioned a moment ago, as are penology, rehabilitation and many other programs which follow after the fact of crime and violence.

Again Senator McGrand made it quite clear that it was not his purpose to delve into such matters in the study he proposed. He knows, as the Senate must know, that an inquiry of the whole broad spectrum of crime and violence as it now exists in contemporary Canada would be repetitive of past, current and continuing studies, would be wastefully expensive and would probably be more productive of media headlines than of concrete or useful results for Canada or Canadians.

Canada and many other nations spend substantial portions of their wealth and utilize much of their human resources in reaction to crime and violence. Canada and those same other nations spend relatively little of their wealth and utilize precious few of their human resources in determining basic and principal causes in the making of a child, a young man or young woman into a criminal or a violent member of society. They also spend little in determining policies and programs which would help in reducing, changing or eliminating those causes.

I do suggest it is time Canada devoted more of its resources in that direction. Resources committed to such a purpose would be returned manifold: first, in beginning to hold the line against the rapidly escalating costs of crime and violence to our society; second, in the longer term, by bringing about a reduction in the level of crime and violence and their costs.

Some people may believe that this is nothing but an academic exercise or a hopeless task to undertake, but, as Senator McGrand has so properly stated, we must start somewhere. An attitude of defeatism in the face of rising crime and violence and their dreadful costs, both in human lives and financially, will eventually turn the metropolitan areas of Canada into inhumane, armed camps similar to those which have evolved in the major cities of the United States.

It is readily understandable why Senator McGrand would wish the Senate to undertake a study of the causes of crime and violence and to determine measures that would prevent their continuance. For several decades the good senator was a respected general practitioner of medicine in rural New Brunswick. He was also Minister of Health in that province. In that capacity he learned well the respective and relative values of curative medicine and preventive medicine. Both are essential to human well-being. For example, the amount of money required to cure and correct the crippling effects of infantile paralysis on one child will pay for the immunization of literally thousands of children today. But such an equation could be made only after the cause of that crippling disease was found and the preventive measures discovered or developed.

Similar equations can be related to the once dreaded diseases of tuberculosis, smallpox, diphtheria, cholera and a

host of others that formerly claimed untold thousands of lives.

The finding of the causes of those diseases and the medical and scientific knowledge which was developed to prevent them did not happen overnight either. They developed over the many decades. But a start, as Senator McGrand has said, had to be made somewhere by someone to bring about such immense savings in human lives and indeed in financial resources.

Honourable senators, it is in the spirit of that same philosophy of study and discovery that Senator McGrand proposes that the Senate should focus upon the causes and prevention of crime and violence in contemporary Canadian society. He proposes that Canada begin to learn and practise preventive criminology, to assist in holding the line against, and indeed reducing, those dreadful costs, and to apply preventive criminology rather than continue to apply only curative or reactionary criminology. I support him enthusiastically in that proposal. However, and with great respect for Senator McGrand, I do suggest that it would be premature at this time to establish a special committee of the Senate to pursue this inquiry without more precise terms of reference first being established.

Many of our standing committees are operating at a high level of activity at this time and there is no relief in sight either for the current session or the session we will be undertaking in the new year. Our support staff is heavily taxed to keep abreast of the current workload, and we are presently in the midst of a national program of restraint. However, this need not prevent the necessary work which must be undertaken before really meaningful studies can begin. Useful information is certainly available. Many reports of studies completed in North America and Europe within this whole broad field are available and should be assembled for study of their findings and conclusions in order to avoid covering the same ground again.

Senator McGrand has referred briefly to the work, for instance, of Dr. Anthony Storr, Dr. Nathan Blackman and Dr. Edward Lenoski, Eric Fromm and others, and to the recent findings of the National Society for the Prevention of Cruelty to Children in England. All of these are relevant studies. The Ontario Human Rights Commission has only recently released the results of a study on discrimination against black people, which could also provide some insight into the causes of reactive aggression in children and young adults.

A royal commission in Ontario is currently studying, and holding public hearings on, violence depicted by the communications industry—the media. Testimony taken by the commission concerning the effect upon children and young adults should be most helpful within the overall scope of the study proposed by Senator McGrand.

Studies conducted into some aspects of this total problem have recently been undertaken by the United States Government and the reports of those studies are now available. All such available information should be assembled, and all proven or useful conclusions should be summarized. Only then, in my view, will it be possible to determine the extent to which further studies and inquiries should be undertaken by the Senate into the whole great problem area that is suggested.

● (1520)

Such preliminary work need not be undertaken by a special committee of the Senate. I would therefore respectfully suggest to Senator McGrand and the Senate that this motion not be proceeded with at this time but that the subject matter of the motion be referred to the Standing Senate Committee on Health, Welfare and Science. I would further suggest that that committee might consider striking a subcommittee to undertake the assembling of the relative learned reports, findings and conclusions in this problem area. Such a small subcommittee, with the able assistance of our parliamentary library staff, could undertake this task effectively and without any further delay. The high cost of hiring special staff and the printing of verbatim committee reports would also be avoided through the adoption of such a procedure during the necessary preliminary work schedule leading up to the more formal studies by the full committee, if that were considered desirable. I would hope that these suggestions, which are meant only in a constructive vein, will commend themselves to Senator McGrand and to the Senate.

I would conclude by again commending Senator McGrand for his initiative in bringing this vitally important subject to the attention of the Senate, and by again expressing my support for the purpose he wishes to achieve.

Honourable senators, in order to bring these suggestions formally before the Senate, I now move, seconded by Senator Carter, in amendment:

That the motion be not now adopted but that the subject matter thereof be referred to the Standing Senate Committee on Health, Welfare and Science.

The Hon. the Speaker: It is moved by the Honourable Senator McGrand, seconded by the Honourable Senator Eudes:

That the Senate considers it desirable that a special committee of the Senate be established at an early date to inquire into and report upon crime and violence in contemporary Canadian society.

In amendment, it is moved by the Honourable Senator McElman, seconded by the Honourable Senator Carter:

That the motion be not now adopted but that the subject matter thereof be referred to the Standing Senate Committee on Health, Welfare and Science.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Senator Asselin: I wish to adjourn the debate on the motion in amendment until tomorrow.

On motion of Senator Asselin debate adjourned.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, before moving the adjournment of the house I should like to make two announcements. The Standing Senate Committee on Health, Welfare and Science will meet tomorrow at 11 a.m. in room 260-N. I have also asked that arrangements be made for the Standing Senate Committee on National Finance to meet tomorrow at 10 a.m., and that the Minister of Finance or the President of the Treasury Board, together

with officials of the Department of Justice, be invited to attend.

Senator Flynn: Why the Department of Justice? Why not the Department of Finance?

Senator Langlois: I said that I had asked the Minister of Finance or the President of the Treasury Board and officials from the Department of Justice to be present. In this way members of the committee will not be limited in the questions they may wish to ask.

Senator Flynn: I was just wondering why officials from the Department of Justice should be invited.

Senator Langlois: In case there should be a question as to the wording. I am trying to do my best to cover the situation thoroughly.

Senator Flynn: There is no disagreement on that.

Senator Langlois: Any senator in attendance tomorrow will be able to ask any questions he wishes, and even for the attendance of any additional officials. I hope that the notices will be issued in time this evening so that honour-

able senators will be able to arrange to attend the meetings tomorrow morning.

Senator Flynn: I simply wanted to ask the Deputy Leader of the Government, since it seems to be the objective that Parliament recess not later than Friday of this week, what bills are expected to come to us from the other place between now and then, and what bills does the government want the Senate to pass before we adjourn for the Christmas recess?

An Hon. Senator: And when we come back?

Senator Flynn: That probably depends on the answer I get.

Senator Perrault: Honourable senators, we expect to be in a better position tomorrow to provide the information which honourable senators seek and to which they are entitled. It depends to a great extent on the activities in the other place this afternoon. I shall undertake both personally, and later in the chamber, to make that information available as soon as possible to the Leader of the Opposition.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 18, 1975

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

GOVERNMENT ANNUITIES IMPROVEMENT BILL

REPORT OF COMMITTEE

Senator Carter, Chairman of the Senate Standing Committee on Health, Welfare and Science, reported that the committee had considered Bill C-75, to increase the rate of return on Government Annuity contracts, to increase their flexibility and to discontinue future sales thereof, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Barrow moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1975

REPORT OF COMMITTEE

Senator Everett, Chairman of the Standing Senate Committee on National Finance, reported that the committee had considered Bill C-80, to provide supplementary borrowing authority for public works and general purposes, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois: With leave of the Senate, I move, seconded by Senator Perrault, that the bill be read the third time now.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by Senator Langlois, seconded by Senator Perrault, that the bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: Honourable senators, the committee met this morning. I think it proved that it is very useful, generally speaking, to refer to committee an appropriation bill containing borrowing authority, or a separate bill such as this one providing specifically for borrowing authority for the government.

We had a very profitable meeting. Many pertinent questions were put and useful answers given. I suggest that in future this practice should be continued.

My second point is that the committee found that all such bills, whether they are supply bills containing borrowing authority or special bills such as this one providing distinctly for borrowing authority, could be improved were they to make more precise the authority which they seek.

My third point is that the wording of the present bill is ambiguous in certain areas. For instance, what is the period during which the borrowing authority could be used—that is the main thing—and could this borrowing authority be used after the fiscal year? There is no reference in the bill to the period covered by the borrowing authority which is sought for the government. Clearly, improvements must be made in the future if the present practice of presenting a separate bill providing borrowings authority for the government is to be continued. Such bill must be drafted in another way because this one, as presented, is lamentably imprecise.

The committee provided the Department of Justice and the Department of Finance with some ideas on the sort of improvements which should be made to this kind of bill, and we may yet provide others. On the whole, I do not think it is necessary at this time to make any amendments to the bill. However, it is my hope that in future there will be no doubt left in the mind of the Senate or of Parliament as to the exact purport or meaning of a bill such as this.

● (1410)

Senator Everett: Honourable senators, in reply I should like first of all to congratulate the Leader of the Government and his deputy on raising an issue the last time we considered estimates, which was to the effect that the borrowing authority, which was then \$4 billion, was asked for in the supply bill.

The Senate considers supply bills in the form of the estimates, which are referred to the National Finance Committee. When it passes the estimates, it does so before the supply bill comes down from the other place. Immediately following that, it passes the supply bill without further reference because it has indeed examined all the items that are in the supply bill in the form of the estimates.

However, there was one item—and this was the point raised by the Leader of the Opposition and his deputy on the last occasion—where the borrowing authority which was included in the supply bill was not included in the estimates and, therefore, was not examined by the committee. As I said, the last borrowing authority that was granted was \$4 billion, and the Leader of the Opposition and his deputy, quite rightly, raised the point that \$4 billion in borrowing authority was being authorized without adequate examination by the committee. As a result, the government has separated the borrowing authority from the supply bill, so that now we have Bill C-79, which is a supply bill, and Bill C-80, which is a borrowing authority

bill. This bill asks for \$2 billion in additional borrowing authority for 1975.

The Leader of the Opposition raised a problem in connection with this bill yesterday. The bill itself was obviously drafted in a hurry and may have been subject to some rather bad draftsmanship. It suffers from one obvious defect in that it asks for \$2 billion in supplementary borrowing authority retroactive to April 1, 1975. The reason for that is that the government as at this point has exceeded its borrowing authorities by \$270 million as a result of the great success of the Canada Savings Bonds drive.

In addition, the draftsmanship does make it possible that this authority could run out at the end of the current calendar year, December 31, 1975, whereas it is the government's intention that the authority should run to the end of the fiscal year, which is March 31, 1976. However, the witnesses from the Department of Finance assured the committee that they are not concerned about that. They feel it does give them legal authority.

I do accept the suggestion by the Leader of the Opposition that the committee should examine this type of legislation and ensure that the drafting of it more particularly meets the requirements of the government. I do thank him for raising these issues and for causing a situation in which borrowing authority now forms a separate piece of legislation that can be examined by the appropriate committee in the proper manner.

Senator Langlois: Honourable senators, there are a few comments I wish to make on this bill. First of all, I join with Senator Everett in expressing appreciation to the Leader of the Opposition and his deputy for having brought the wording of Bill C-80 to the attention of the Senate. This morning in committee important points were raised by the Leader of the Opposition having to do, in particular, with the duration of this borrowing authority. I realize that the wording of the bill leaves something to be desired in that respect. In particular, although the long title of the bill is: "An Act to provide supplementary borrowing authority for public works and general purposes", the short title reads: "This Act may be cited as the Supplementary Borrowing Authority Act, 1975". This would tend to indicate that this authority is limited to the present calendar year.

In order to get the real meaning of this bill one has also to read clause 2(2):

Subsection (1) shall be deemed to have come into force on the first day of April, 1975.

Thus, the starting date mentioned in the bill is the starting date not of the calendar year but of the fiscal year. I think that is the only comfort we can find in the wording of this bill as to the extent in time of this authority.

I am sure that the discussion in committee this morning will go a long way towards convincing the draftsmen to be very careful in future to use exact language in wording such bills. On the other hand, I have no authority for considering that we are creating a precedent, but I have on two occasions in the past said that I would always welcome suggestions to refer the wording and procedural aspects of some bills to the Standing Senate Committee on National

Finance, or any other appropriate committee, for review and clarification.

Motion agreed to and bill read third time and passed.

FEEDS ACT

BILL TO AMEND—COMMONS AMENDMENT—REPORT OF COMMITTEE—DEBATE AJOURNED

Senator Argue, Chairman of the Standing Senate Committee on Agriculture, to which were referred the amendments made by the House of Commons to Bill S-10, to amend the Feeds Act, presented the following report:

Thursday, December 18, 1975.

The Standing Senate Committee on Agriculture, to which were referred the amendments made by the House of Commons to Bill S-10, intitled: "An Act to amend the Feeds Act" has, in obedience to the order of reference of Tuesday, December 16, 1975, examined the said amendments and now reports as follows:

Your committee recommends that the amendments be concurred in with the exception of the third amendment, which it proposes be amended as follows:

Strike out the third amendment and substitute therefor:

"3. Page 3, lines 7 to 30. Strike out lines 7 to 30 and substitute the following therefor:

'contravenes any provision of this Act or the regulations is guilty of an offence and,

(a) if an individual, is liable

(i) on summary conviction, to a fine not exceeding five hundred dollars or to imprisonment for a term not exceeding six months, or to both, or

(ii) on conviction upon indictment, to a fine not exceeding two thousand dollars or to imprisonment for a term not exceeding one year, or to both; or

(b) if a corporation, is liable

(i) on summary conviction, to a fine not exceeding one thousand dollars, or

(ii) on conviction upon indictment to a fine in the discretion of the court.

(1.1) Where a corporation commits an offence under this Act or the regulations, any director or officer of the corporation who authorizes or acquiesces in the offence or fails to exercise due diligence to prevent its commission is guilty of an offence and liable to the punishment provided for in subsection (1)."

Respectfully submitted,

Hazen Argue,
Chairman.

• (1420)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Argue: With leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Argue: Honourable senators, perhaps I should explain what our committee is recommending and some of the reasons for the recommendation. The Standing Senate Committee on Agriculture amended Bill S-10 as originally presented, and these amendments were approved by the Senate itself.

The bill as amended would have made the chief executive officer of a corporation convicted of an offence under the act personally responsible. It was argued that this was in contradiction of the Bill of Rights and was therefore unacceptable.

It would appear that the Committee on Agriculture of the other place inadvertently removed an important part of the provision whereby a corporation, after being found guilty, would be liable to pay a fine at the discretion of the court. Our amendment read:

(1.1) Every corporation that contravenes any provision of this Act or the Regulations is guilty of an indictable offence.

The Committee on Agriculture of the other place also said that it was not necessary to make a distinction between every natural person or every corporation. Our amendment read:

10. (1) Every natural person who contravenes any provision of this Act or the regulations is guilty of an offence and is liable

(a) on summary conviction, to a fine not exceeding five hundred dollars or to imprisonment for a term not exceeding six months, or to both; or

(b) on conviction upon indictment, to a fine not exceeding two thousand dollars or to imprisonment for a term not exceeding one year, or to both.

(1.1) Every corporation that contravenes any provision of this Act or the Regulations is guilty of an indictable offence.

It was said in the committee of the other place that this distinction did not have to be made, that "person" in the Interpretation Act meant a natural person and a corporation. But by making that amendment, the House of Commons committee removed from the Senate bill the provision that every corporation contravening any provision of the act or the regulations would be guilty of an indictable offence and could be fined, in the discretion of the court, and substituted a limit of \$2,000 being placed on the fine that could be set.

In committee yesterday the consensus was that there should be a higher penalty for a corporation. If a large corporation, such as Purina Foods, for example, were to be fined \$2,000 for contravening this act, it would almost have the effect of constituting a licence for the corporation to continue its illegal practices.

I am sure honourable senators wonder if it is common for other acts to draw distinctions between individuals and corporations with respect to offences and penalties. Well, there are several statutes in which the penalties imposed on the corporations are heavier than those imposed on individuals, including the Canada Grain Act, the Motor Vehicle Safety Act, the Inland Water Freight Rates Act, the Canadian and British Insurance Companies Act, the

Foreign Insurance Companies Act, the Canada Labour Code and the National Trade Mark and True Labelling Act. Just from that list you can see that there is ample precedent for making a distinction between the types of penalties applicable to individuals and to corporations.

After reading the record of the committee proceedings in the other place, I really cannot understand the course of action of the Commons. Let me illustrate what I mean by reference to the committee proceedings as reported in issue No. 63 of the *Minutes of Proceedings and Evidence of the Standing Committee on Agriculture* in the House of Commons. You will see that the very questions we are raising today were being raised at that time. Mr. C. R. Phillips, the Director General of the Production and Marketing Branch of the Department of Agriculture, was responding to questions:

MR. PHILLIPS: It could well be what the member has said, and in terms of the corporation it could be higher—

That is, the fine could be higher.

—I think we could look at other bills, and we would find that the levels of fines are higher for corporations.

MR. ROBINSON: Why could you not insert a clause, something of this nature, in the case of individuals a fine not exceeding \$2,000, in the case of a corporation a fine in greater amount as deemed necessary by the convicting judge?

MR. PHILLIPS: It is a possibility.

I would suggest, therefore, that Mr. Phillips, the Director General of Production and Marketing Services, was in sympathy with adopting such a law.

With respect to leaving to the discretion of the court the determination of the fine, I can say that in Bill C-73, which has already been passed, there is provision for a penalty on indictment in the discretion of the court. Moreover, in the Combines Investigation Act, section 38(4), the penalty section, reads as follows:

Every person who violates subsection (2) or (3) is guilty of an indictable offence and is liable on conviction to a fine in the discretion of the court or to imprisonment for a term not exceeding two years or to both.

● (1430)

That would, therefore, go even further than we are going in this bill, because this would say that any person found guilty of an indictable offence will have a fine set in the discretion of the court. Here we are narrowing it down to corporations found guilty of an indictable offence, and providing for a smaller penalty for a corporation found guilty on summary conviction.

One of the worries of the members of the other place was that by providing for two types of fines, one for an individual and one for a corporation, a farmer who operates a corporation, for example, that mixes feed in the name of himself and perhaps his family—in other words, a very small family corporation—might be caught twice: he might be found guilty as an individual, and then found guilty as a corporation, so that he might perhaps even be placed in bankruptcy.

I have been supplied with a report of a court case that dealt with this very situation in the Manitoba provincial court. The case is that of *Regina vs. Gayle Air Limited and Belluz*. Belluz was the owner of Gayle Air Limited, which was a small company. I believe the company owned one airplane that Belluz was using. The airplane crashed, and as a result Belluz was taken to court.

In his judgment, the judge stated as follows:

—in convicting both defendants, I feel that Gayle Air Limited and the accused, David George Bernard Belluz, are practically one and the same person, so that any penalty which I impose will be imposed as if it were against one accused, although it may be imposed against each on a proportionate basis.

I think the legitimate concern of members of the other house that they should do nothing to make it more difficult for small corporations does not arise.

Some here may say, "At this late date in the session we should not be confronting the House of Commons with an amendment." Well, I think we should be doing our duty as we see it, even though by so doing we confront the House of Commons with an amendment. An amendment is not in any way a delaying procedure. If we pass an amendment to this bill in this chamber, as I understand it, a message will go immediately to the other place informing them of what we have done. The Speaker of the House of Commons, having received that message, though he will not interrupt a member of the House of Commons who has the floor, will, once that member has concluded his speech, inform the house of the message. The message will then be recorded in the *Votes and Proceedings* of the House of Commons for today, and the item will appear on the list of government orders for tomorrow. If the government wanted to deal with this particular amendment very quickly, it could call that order within 24 hours of receiving the message.

What is the batting average of Senate amendments in the other place? It is pretty high. On only very few occasions over the years has the House of Commons felt it should attempt to block, or refuse to accept, amendments that have been sent to it by the Senate.

Senator Phillips: Is that the same argument you presented last week on the amendment to the anti-inflation bill?

Senator Argue: I do not think I presented any kind of different argument.

Senator Flynn: You voted in a certain way, though.

Senator Argue: Anyway, the history shows that discussion of a Senate amendment in the House of Commons is usually very brief, amounting to perhaps a page or two of *Hansard*. Stanley Knowles has complained that there are no real procedures in the House of Commons—

Senator Asselin: He is your friend.

Senator Argue: He has not been my friend for a longer time than you might think.

In any case, Stanley Knowles has said, "When you get these Senate amendments there is really no procedure in the House of Commons whereby they can be discussed." He went on, "But, you know, I do not think Senate amendments are worth fussing over, so I am going to let this one go through quickly."

[Senator Argue.]

In the House of Commons, when they received Bill S-10 as amended, which had in it a clause governing what happens when a large corporation is brought before a court and convicted of an indictable offence, and in terms of which we were prepared to have the fine left to the discretion of the judge, they said, "Oh no, we should place a ceiling on it of \$2,000."

An Hon. Senator: Shame!

Senator Argue: When the bill was being read the third time in the other house, Lorne Nystrom, the member for Yorkton, rose in his place and objected to a government bill being initiated in the Senate. He said, "You know, the senators are not elected; they are there just lobbying for the corporations." Well, I would suggest that over in the other place—perhaps inadvertently, and perhaps because they did not know what they were doing, and that is the best interpretation I can put on it—they are the people who through this legislation are, in fact, aiding corporations, and lobbying for corporations, by placing in the bill a small restrictive penalty.

Now, honourable senators, the senators who are accused of working for the corporations have before them an amendment, originating in the Senate Standing Committee on Agriculture, proposing that in this legislation we include the same kind of provision as is to be found in the Combines Investigation Act. That is to say, if, in fact, a corporation is found guilty of an indictable offence, then the penalty shall be in the discretion of the court. I suggest that that is the best answer we can make to those who are saying that we are lobbying for the corporations when we in this chamber take our duties responsibly, and when we come up with what we consider to be a responsible amendment, which I hope will receive the unanimous approval of this house and will then be sent to the other place.

Perhaps I might be permitted to say for the record that I was extremely pleased that in the Agriculture Committee the report and the amendment now recommended was passed unanimously on a motion moved by Senator John M. Macdonald and seconded by Senator Paul Lafond.

Honourable senators, I have great pleasure in moving the adoption of this report, and in recommending it to the Senate. I hope it will be passed unanimously, and I hope we hear the end of this tripe coming from the other place to the effect that senators are here to lobby for corporations. We are here to see that justice is done, and I think that by proposing this amendment we are improving the process of justice in this country.

Senator Langlois: Honourable senators, if no other senator wishes to speak at this time I move that this debate be adjourned until later this day.

Senator Flynn: If Senator Langlois would yield, I would like to add a few words. I would say to Senator Argue, first of all, that I am not as optimistic as he is that by this action we are destroying the prejudice that exists against the Senate, and which finds its expression in the charge that we are forever supporting corporations. Were this to be the result of this report and amendment then I should be only too happy, but I am not convinced that this is likely to transpire. You don't upset prejudices that easily.

The second point I should like to make is that this experience of amendments made in committee to bills as

originally drafted being themselves subsequently amended in the other place shows how difficult it is to word or to draft amendments. I think the first amendment made by the committee was not entirely satisfactory, and I am quite sure that the amendment made by the other place was not satisfactory either. I only hope the amendment as proposed by the committee has been looked into by legal counsel for the Senate and by the Department of Justice, because I am not in a position to say whether or not it is entirely satisfactory. I hope it is.

The last point I want to make, honourable senators, is that we on this side of the house are most grateful to Senator Argue for having explained to the majority that it is not difficult to have the other place accept an amendment that could easily be made. With some understanding in the House of Commons we could move amendments—and probably could have moved one in connection with the anti-inflation bill—that would have been accepted. Of course, at that time Senator Argue did not see things in the same light as he does today, which we can understand. We are grateful for his contribution in this respect.

● (1440)

Senator Argue: Honourable senators, as a point of information, I would like to say that our committee did have the benefit of the advice of Mr. Raymond du Plessis, the Acting Assistant Law Clerk and Parliamentary Counsel of the Senate. I know he gave a good deal of thought to this and was concerned about many facets of it. I might say that members of the committee were also grateful to have advice from Mr. Guy Faggiolo, one of the legal officers of the Research Branch of the Library of Parliament. In my opinion, both gentlemen were very helpful to the committee. We feel that this is an excellent amendment, in both substance and language.

On motion of Senator Langlois, debate adjourned until later this day.

ANIMAL CONTAGIOUS DISEASES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Argue, Chairman of the Standing Senate Committee on Agriculture, reported that the committee had considered Bill C-28, to amend the Animal Contagious Diseases Act, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO PUBLISH AND DISTRIBUTE VOLUME I OF REPORT ON CANADIAN RELATIONS WITH THE UNITED STATES

Senator van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the Standing Senate Committee on Foreign Affairs be authorized to publish and distribute Volume I of its Report on Canadian relations with the United States as soon as it becomes available, even though the Senate may not then be sitting.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Senator van Roggen: Honourable senators, I wonder if I could explain the reasons for my motion.

Senator Flynn: Are you speaking before the motion has been adopted, or following its adoption?

Senator van Roggen: The motion has been adopted. I may be out of order.

Senator Flynn: No, but if it has been adopted you would not wish to compromise that.

Senator van Roggen: I do not wish to do that, but in case honourable senators are wondering about the reason for this motion, I would say that it is our hope and intention to table this part of our report after the Senate reconvenes. However, there is to be a meeting of the Canada-United States Inter-Parliamentary Group on January 29, 1976 and, in the unlikely event that the Senate has not then reconvened, this motion will enable us to publish our report in time for that meeting.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Flynn: I would ask the Leader of the Government if he has an answer to the question I put yesterday, in order to know what is expected of us before we adjourn for the Christmas recess?

Senator Perrault: Honourable senators, I appreciate the opportunity to outline as accurately as possible at this juncture the work which appears to be before us prior to adjournment. I must say at the outset that there is no absolute assurance that it will be possible to adjourn this week. The course of the debate in the other place has been such that there has been an unforeseen prolongation of discussion on at least one measure there, and, of course, we must deal with it here as well before the adjournment.

The bills to be passed by the Senate before adjournment, in addition to the bills already before the house, are: Bill C-52, the Statute Law (Superannuation) Amendment bill, 1975; Bill C-69, to amend the Unemployment Insurance Act, 1971—there is a time limit involved in connection with Bill C-69, which makes it essential to have it passed before we adjourn—Bill C-77, to amend the National Housing Act and the Central Mortgage and Housing Corporation Act—this is also a measure which involves a time factor—and Bill C-78, the Halifax Relief Commission Pension Continuation bill.

There may be one other measure to come before this chamber. That measure will not be Bill C-58 which, as honourable senators are aware, relates to the proposed abolition of certain tax deductions for advertising placed in foreign-owned publications as well as tax deductions for advertising placed on American television stations along

the Canadian border. Insofar as I am able to obtain information from the other place, this appears to be the schedule before us. I wish to say, and I believe it to be the feeling of honourable senators, that every effort will be made—involving, if necessary, extended hours—in order to make certain that all this proposed legislation is given the thoughtful and careful attention it merits.

Senator Neiman: I wonder if I might ask the honourable leader a question. Is there any intention of referring some of these bills to committee in advance of their arrival, in order that we may consider them beforehand?

Senator Perrault: No plans exist at the present time for that kind of referral with respect to the measures I have outlined. However, every avenue will be explored to make certain that they are considered as efficiently and expeditiously as possible. No arrangements have been made up to this time for a pre-referral to committee of these measures.

Senator Flynn: The Leader of the Government may say that such a treatment will not be required in connection with Bill C-58, because it has already been referred to a joint committee of the House of Commons and the Senate. Therefore, as far as that bill is concerned, I do not believe that there will be need to refer it to committee.

Senator Perrault: No. That is an accurate observation. I believe the honourable senator may have in mind the amendments to the Unemployment Insurance Act.

Senator Flynn: Yes.

CRIMINAL CODE

THERAPEUTIC ABORTIONS—SUPPLEMENTARY ANSWER

Senator Perrault: Honourable senators, may I take this opportunity to provide further clarification in connection with a question asked earlier?

On previous occasions I made reference to the Committee on the Operation of the Abortion Law and do not intend to make a long statement today. I provided the assurance yesterday that the abortion committee had not refused, and will not refuse, material or information presented to it. At this time I would ask that the terms of reference of this committee be recorded in *Hansard*. This supplementary information may be of use and value to honourable senators, particularly Senator Sullivan who asked the original question on this subject.

● (1450)

The Hon. The Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(The terms of reference of the Committee on the Operation of the Abortion Law follow:)

1. The Committee on the Operation of the Abortion Law is to conduct a study to determine whether the procedure provided in the Criminal Code for obtaining therapeutic abortions is operating equitably across Canada.

2. The Committee is asked to make findings on the operation of this law rather than recommendations on the underlying policy. It will examine the following matters, among others:

[Senator Perrault.]

- a) the availability by location and type of institution of the procedure provided in the Criminal Code;
- b) the timeliness with which this procedure makes an abortion available in light of what is desirable for the safety of the applicant;
- c) the criteria being applied by therapeutic abortion committees.

3. In particular the following questions are to be answered if possible:

1) Is the procedure not available for any of the following reasons?

- a) there are not enough doctors in the area to form a committee;
- b) the views of doctors with respect to abortion do not permit them either to assist in an application to a therapeutic abortion committee or to sit on a committee;
- c) the views of hospital boards or administrators with respect to abortion dictate their refusal to permit the formation of a committee;
- d) hospitals cannot obtain accreditation by the Canadian Council on Hospital Accreditation or approval by the provincial minister of health owing to inadequate facilities.

2) Are the applicants for abortion being discouraged from obtaining legal abortions in Canada because delays in obtaining medical examinations, decisions by therapeutic abortion committees, and termination of pregnancies where approval has been given, increase the risks to a point which applicants find unacceptable?

3) Do therapeutic abortion committees require the consent of the father or, in the case of an unmarried minor, the consent of a parent?

4) To what extent is the condition of danger to mental health being interpreted too liberally or in an overly-restrictive manner, and is the likelihood or certainty of defect in the foetus being accepted as sufficient indication for abortion?

5) To what extent has permitting the pregnancy to continue affected the woman or her family in cases where the woman would have preferred an abortion but did not obtain one?

6) What types of women are successful and what types not successful in obtaining legal abortions in Canada?

7) Are hospital employees required to participate in therapeutic abortion procedures regardless of their views with respect to abortion?

8) To what extent are abortions which are being performed in conformity with the present law seen to be the result of a failure of, or ignorance of, proper family planning?

9) How many Canadians are seeking therapeutic abortions outside the country, and, if this can be determined, for what reasons?

4. The Committee will consult periodically with an interdepartmental committee consisting of representatives of the Department of Justice, the Department of

National Health and Welfare, the Treasury Board Secretariat and Statistics Canada which are to provide the Committee members with all relevant information available within the government.

5. The study is to be completed within six months from the time of establishment of the Committee.

6. The results of the study will be made public and will be tabled in the House for debate.

ANTI-INFLATION BOARD

GOVERNMENT REJECTION OF BOARD'S OPINION ON CONTRACT SETTLEMENT WITH POSTAL WORKERS— QUESTIONS ANSWERED

Senator Perrault: Honourable senators, questions were presented by Senator Phillips and Senator Forsey regarding the Anti-Inflation Board decision on the postal contract. The question asked by Senator Forsey dealt with the experience of the Anti-Inflation Board members in collective bargaining, and Senator Phillips asked for a copy of the reasons of the Governor in Council for ruling against acceptance of the opinion offered by the Anti-Inflation Board.

First, to answer Senator Forsey, Mr. Harold Renouf is a chartered accountant, and during his practice was involved in negotiating collective agreements for a period of 10 to 15 years. Mr. Claude Castonguay, as Minister of Social Affairs for the Province of Quebec, was responsible for numerous salary negotiations. Prior to his ministry he was involved in the medical insurance scheme in Quebec which involved collective bargaining. His experience totals 15 years in this field.

Senator Forsey was, of course, kind enough to outline the very extensive knowledge of Mr. W. Ladyman of Winnipeg in an arena of collective bargaining.

Also, as I informed honourable senators the other day, there is the intention to appoint further members of the board, and to designate additional members of the board, with collective bargaining experience. Those names may be available next week, but certainly just as soon as it is possible to have them named.

I should like now to provide for Senator Phillips and other honourable senators the text of the Governor in Council's statement on the occasion of the decision to let stand the settlement with the inside postal workers. It was made at the time the government announced its decision, and, with leave, because of the length of the text, I propose that it be printed in *Hansard*.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The statement follows:)

The proposed collective agreement between Treasury Board and the Canadian Union of Postal Workers (CUPW) has been referred by the Anti-Inflation Board to the Governor-in-Council. This action has been taken by the Board under the Order-in-Council which created it as a Commission of Inquiry. While the Governor-in-Council must act in this case, once the Anti-Inflation Act has been proclaimed references

from the Board will proceed directly to the Administrator.

The Board has stated that, in its view, the proposed settlement lies beyond "the amount that it could accept in light of its responsibility under the anti-inflation program". The Board has noted that it recognizes a historical wage relationship between the CUPW and members of the Letter Carriers Union of Canada (LCUC), but that this historical relationship would only provide justification for a level of increase somewhat below that already agreed by the parties. The Board has taken the position, further, that this historical relationship, where it is relevant, does not necessarily justify immediate re-establishment of wage parity between groups.

The Board notes that it has consulted with both parties in an attempt to modify the proposed agreement so as to bring it within the limits and spirit of the guidelines. It has concluded that such discussions were unlikely to lead to changes in the proposed settlement.

The Governor-in-Council does not dispute that the Board's findings are consistent with the exercise of its mandate under the anti-inflation program. The Governor-in-Council must be mindful, however, that the present case presents certain unique aspects and bears heavily upon the national interest.

The government, in reaching the proposed agreement, acted on the basis of the Report of the Conciliation Board (the Moisan Report) and, following its recommendations, made what it was convinced was a fair offer to the CUPW. The government was mindful then, and is mindful now, of the following facts:

1. that the CUPW had signed its last contract well prior to January 1, 1974;
2. that the Union had been without a contract for almost a year;
3. that an obvious historical relationship existed between the CUPW and the LCUC in that they had, until February 1975, a single bargaining agent; and
4. that, over and above this historical relationship, there were important differences in the form of shift and weekend work demanded of the postal workers which are not demanded of the letter carriers.

In the White Paper which introduced the government's anti-inflation program, it was recognized that the transitional period from our recent inflationary experience to greater stability in prices and more reasonable rates of wage increase would be an extremely difficult one. Extenuating circumstances such as the recognition of historical relationships and the special treatment promised for those who last signed a contract prior to January 1, 1974, both cited in the White Paper, are two instances of the recognition that the application of the compensation guidelines must not be inflexible.

For all of these reasons, the Governor-in-Council believes the proposed agreement should stand and that further attempts at negotiation to modify its terms would not serve the national interest.

CRIMINAL CODE

PARTIAL ABOLITION OF CAPITAL PUNISHMENT—EXPIRATION OF TRIAL PERIOD—QUESTION

Senator Greene: Would the Leader of the Government permit a question with respect to the parliamentary timetable he has outlined?

In view of the fact that the two-year extension to the original five-year trial period for partial abolition of capital punishment will expire on December 31, as I understand it, so that on January 1 we will have, in fact, the reinstitution of capital punishment as it was prior to the trial period, has the government leader considered whether the Senate should proceed with Bill S-23 at this time, because that would resolve that dilemma?

Senator Perrault: The honourable senator has raised an interesting point. No policy decision has yet been announced, but it may be of some use to attempt to have a clarification of the situation. I will undertake to obtain that information when it is possible to do so.

Senator Flynn: I have a supplementary question. Assuming that the information given by Senator Greene is correct, would the Leader of the Government tell us also what difference it would make if we were to return to the former status?

Senator Asselin: No.

Senator Perrault: Honourable senators, I do not know whether that question constitutes an earnest search for information, or whether there are other motives.

Senator Asselin: Touché.

Senator Neiman: Is it not so that the present legislation continues to December 31, 1976? We have one more year to go.

Senator Perrault: Honourable senators, as I have said, I will attempt to obtain clarification to provide the reassurances which the honourable senator seeks.

THE SENATE

AUTHORITY TO AMEND MONEY BILLS—QUESTION

Senator Godfrey: Honourable senators, I have a question for the Leader of the Government with respect to the matter of amendments. I was surprised yesterday when the Deputy Leader of the Government—I am reading from *Hansard* at page 1643—said:

—the Senate has no power whatever to amend money bills.

I think he repeated that three times. In the well-known dispute between the Conservative government of 1961 and the Senate, I recall that Senator Roebuck referred to this archaic issue which had been discussed many times since Confederation. At that time the Senate insisted upon its right to amend money bills, as it had done many times before.

In his highly regarded book on the Senate, Robert A. MacKay goes into the subject rather intensively, and his last sentence is worth reading:

Yet it is abundantly clear that whatever the rules of the Commons, the Senate has made good its claim to

have legal authority to amend money bills, and, of course, to reject them.

My question for the Leader of the Government is: Does he agree with the deputy leader that we do not have that power?

Senator Perrault: One of the encouraging facts about those honourable senators invested with the responsibility of attempting to guide government affairs in this chamber is the great unanimity of opinion, understanding and amity which exist between the Leader of the Government in the Senate and the distinguished Deputy Leader of the Government in the Senate.

Senator Flynn: Is that the answer?

Senator Perrault: That, however, does not constitute my total reply.

Senator Phillips: Why don't you quit while you are ahead?

Senator Perrault: May I say that what we have here is perhaps a misunderstanding in the area of terminology.

Senator Grosart: No doubt.

Senator Perrault: We have here an instance where further clarification may be of real use to all members of the chamber.

Senator Flynn: Indeed.

Senator Perrault: I shall not attempt a long explanation of the position I hold on this matter, but I have before me a copy of the British North America Act, section 53 of which states:

Bills for appropriating any Part of the Public Revenue, or for imposing any Tax or Impost, shall originate in the House of Commons.

That is the only reference to the matter.

However, when we turn to the Ross report of May 1918, which has been referred to with such eloquence in the chamber by various senators, we note the following summing up regarding the question of the rights of the Senate in matters of financial legislation, and whether under the provisions of the British North America Act 1867 it is permissible—and to what extent—or forbidden for the Senate to amend a bill embodying financial clause—a money bill.

Section 1—and I know this is known to many honourable senators—says:

The Senate of Canada has, and always has had since it was created, the power to amend bills originating in the Commons appropriating any part of the revenue or imposing a tax by reducing the amounts therein, but has not the right to increase the same without consent of the Crown.

That is the position which I happily hold, together with the Deputy Leader of the Government in this chamber. It may be that on this occasion the deputy leader may wish to clarify and further explain some of the terminology employed by him yesterday, but that is his own prerogative.

Senator Flynn: He does not need to. He just has to concur.

Senator Langlois: Honourable senators, I rise on a question of privilege, following the question just asked of the Leader of the Government by Senator Godfrey in connection with the remarks I made in the house yesterday, in order to place them in their proper perspective and context.

My remarks were made, as honourable senators will recall, in the course of rapid and numerous exchanges between Senator Flynn, Senator Grosart and myself following my introduction of Bill C-80, in the course of which I voiced my personal view to the effect that the Senate would take a wrong stand if it chose to amend an appropriation or supply bill.

● (1500)

I was then speaking off the top of my head, and inadvertently used—rather loosely, I confess—the expressions “money bills,” “supply bills” and “appropriation acts,” although those expressions have often been used to refer to any expenditure of public funds, and even to tax bills. Needless to say, circumstances yesterday hardly permitted me to present an elaborate and comprehensive thesis on the very important and somewhat complicated subject of the legislative powers of the Senate and the House of Commons.

To put my remarks in their proper context I should like to read from page 1643 of *Debates of the Senate* of yesterday, at which point I said, commenting on an observation made by Senator Grosart:

Well, that is your own opinion, but I am of the contrary view. If the Senate took the attitude that it could amend any money bill or any appropriation bill, or whatever you call it, I think the Senate would be taking a very wrong stand. On the other hand—and this is the point I have in mind just now—I am ready to have any such bill referred to the appropriate committee on a question of wording or a question of procedure.

The suggestion contained in the remarks I have just quoted makes it clear, to my mind, that in accepting the referral of a supply bill to a Senate committee, as I did yesterday, I was accepting, at the same time, the proposition that such bills were susceptible to amendment by the Senate, at least as to wording and procedural aspects.

This view—and again I wish to emphasize that it is my personal view—is, to some extent, supported by the following quotation from page 94 of *The Unreformed Senate*:

On the other hand, Todd, the leading authority for many decades after Confederation on the procedure of Parliament, strictly confines the term to “Tax Bills, Bills of Supply and Bills of Appropriation, all of which have a peculiar form of preamble which intimates that the revenue or grant of money is the peculiar gift of the House of Commons, and such Bills are invariably presented for the Royal Assent by the Speaker of the House of Commons.” Sir Wilfrid Laurier accepted this as the only workable definition. Unlike the United Kingdom Parliament, which under the Parliament Act of 1911 leaves to the Speaker of the Commons to certify bills as money bills, the Parliament of Canada has no procedure for settling differences of opinion between the Houses as to whether a particular bill is a

money bill. Agreement between the Houses on definition is thus scarcely nearer than it was at Confederation.

The Senate, for its part, cannot be said to have abused its powers over money bills. It has never amended or rejected supply or appropriation bills, though it has amended or rejected specific bills authorizing public expenditure, as for example, in 1924 and 1925 a number of branch line railway bills, and the Old Age Pension Bill of 1926 pending an election, after which it was passed. It has not amended the principle of tax bills or rejected them, though it has amended their procedural aspects.

There is also a reference in the same book to the procedure followed when an appropriation bill is presented to the Deputy of His Excellency the Governor General, or to His Excellency himself, in the Senate for royal assent. Such presentation is not made by an official of the Senate, but by the Speaker of the House of Commons. I have always considered that procedure an affront to the Senate.

In presenting an appropriation bill for royal assent, the Speaker of the other place does not even mention that the bill in question has been passed by the Senate. He simply presents the bill to the Deputy of His Excellency the Governor General as having been passed by the House of Commons, and requests the royal assent to same. There is no mention that the bill in question had gone through first, second and third readings in the Senate.

I repeat, I have always considered that procedure an affront to the Senate, and I take this opportunity to suggest that we look into this matter in an effort to remedy the situation.

In conclusion, as honourable senators will realize, the matter I raised yesterday is far from being settled in all its aspects. There is ample room left for debate, and even controversy.

Senator Flynn: Honourable senators, may I say just a word on the question of privilege?

I am convinced that in some of the statements Senator Langlois made yesterday, he may have gone a little further than he wanted. That can happen to any one of us, so he should not be embarrassed about that. I would suggest to him, however, that because something has or has not been done does not mean that it is right or wrong. The powers of the Senate with regard to money bills have been clearly enunciated over and over again. The only difference between this house and the House of Commons is that money bills should be initiated in the other place. That is all. Our powers are equal.

I share the opinion of Senator Langlois when he says that there is no justification whatsoever in the Constitution, or anywhere else, for the practice instituted whereby the Speaker of the House of Commons comes here and presents an appropriation bill as being exclusively the property of the House of Commons. By this example, I think Senator Langlois has shown that we should not become slaves of this practice. If a bad precedent has been established, there is nothing to say that we must follow it. For this reason, I think we should make it clear that the position of the Senate, as explained today by the Leader of

the Government, is the proper position for the Senate in respect of money bills.

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

Senator Barrow moved the third reading of Bill C-74, to amend the Regional Development Incentives Act.

[Translation]

Hon. Martial Asselin: Honourable senators, before the bill is passed on third reading, I should like to make a few brief remarks.

Obviously, I can add nothing to what my colleague, Senator Smith (Colchester) said during the debate on second reading in reply to what Senator Macnaughton said when he introduced the bill.

It is obvious that the purpose of this bill, as was mentioned during the debate, is to attempt to reduce unemployment in those regions that are most seriously affected by it. I have a feeling that, on the whole, though huge amounts of money were spent in the poorer provinces, we do not have at this time tangible proof that the program of the government did much to decrease unemployment in those areas, especially in Quebec and the Maritimes. In Quebec, unemployment reached a rate of almost 10 per cent and in the Maritimes, if my memory serves me right, it reached 11 per cent. I have said that this bill, to my mind, does not attain the goals set by the government when it introduced the legislation.

● (1510)

In addition, I feel that, in the implementation of the measures resulting from the bill, such as LIP, there has been a sad lack of planning: planning, first of all in the authorization of the projects and also in their implementation. Often, a group of young people can get organized and suggest projects to the government under the LIP program, but I do not know on what basis those projects are authorized at the government level, or by the minister. But the fact remains that in some areas, in most areas, the local economic priorities are disregarded. Therefore, I say that in many programs provided for under this legislation or approved under this bill, there is a tremendous lack of planning, resulting in a large waste of money.

I had always thought that under these bills, one might turn first to the municipalities for these local initiative projects, and God knows that our municipalities need money to carry out priority work. We are indeed aware that the indebtedness of our municipalities is unacceptable and that the taxpayers must pay extravagant taxes to help municipalities make up their deficits.

Take for example the town where I live. This year the municipal assessment increased by 55 per cent. This means that if the municipality does not decide to lower its property tax, which was \$1.25 last year, some people will be unable to keep their property.

Then, I say that the government should plan its local initiatives program better by asking first the municipalities to submit their priorities on the municipal economic level. I think we could then have better planning. We could escape shameless spending and waste. Besides, I am not the only one to say this, because the inspectors who audit

[Senator Flynn.]

the budgets of these local initiative projects often see that they are mismanaged and that money is shamelessly wasted in the implementation of these projects. Moreover, it is often recommended that such projects should not be renewed for the following year. That was the first point I wanted to make.

I would like the Deputy Leader of the Government to give us an answer on another point which is, in my view, quite important, namely, that the Prime Minister on behalf of the government will make a declaration tonight at eight o'clock on the topic of government expenses cutting. We are very pleased to hear that. At last the government is heeding the appeals of the Progressive Conservative Party which has been pressing the government for a long time to reduce its spending to fight inflation. Moreover, during the debate on Bill C-73, the message of the Official Opposition in a nutshell was that the government was supposed to lead the way for the private sector and the public and set the example by cutting down on its own expenditures.

At noon, I was listening to the radio and I heard that the Prime Minister was about to curtail government spending pursuant to the bill which is now before us. If such is the case, is it wise for the Senate to pass this bill on third reading if, after the Prime Minister's statement tonight, the bill becomes invalid, and cannot be enforced?

The Prime Minister assures us that he intends to reduce public spending by \$1 billion. We are proud of this decision because this is, as I have said before, what the Official Opposition had always advocated. Besides, I wonder if the Senate should not reconsider its intention to pass this bill on third reading if the government should decide to shelve the bill, that is, to lay aside the bill on regional expansion which is now under study in order to defer its application for a five-year period, particularly if we are told that this legislation will be pigeon-holed to save the monies allotted to it, in the hope of curtailing public spending. Would it not be better for the Senate to defer the third reading stage of this bill until tomorrow? We would then know what decisions were taken by the government, and decide whether it is necessary for the Senate to pass this legislation.

● (1520)

Senator Langlois: Honourable senators, I will reply briefly to the comments that were just made by my friend Senator Asselin. First of all, I am just as much in the dark as he is about the possibility that the Prime Minister may, in his broadcast tonight, announce certain cuts in federal expenditures. Like him, I read in this morning's papers that this had to be done, but perhaps I am not quite ready to accept my friend's suggestion that, if such a move is made tonight, it will be in response to the many requests to that effect made by the opposition parties, and more especially by his own.

In so doing, it will be shown, that if he is of that opinion, it is because it is easier to make pious wishes than to take action. Indeed, if Parliament has been slow in taking such a drastic stand with respect to the expenditures that will actually be reduced and if they are prepared to make a public statement about the items of the federal budget which will be affected, my friend will have to realize that such a decision cannot be made overnight, especially when a budget totalling approximately \$30 billion is involved.

Furthermore, we know that during the past few months; that is, since October 14, the government has had to act promptly to draft, first, the anti-inflation bill that we passed—Bill C-73—and prepare the regulations governing the administration of that act. The establishment also of agencies to monitor the administration of the act and the regulations, all of which required a considerable amount of work. One should not be shocked, as my honourable friend seems to be, if the government waited until this day before giving the details, the particulars of its intentions regarding the estimates.

His second point is that it might be appropriate to postpone the passage of the legislation now before us until we know for sure whether the estimates provided for in this bill will be affected by the Prime Minister's statement tonight. First, let me tell him that the anti-inflation program proposed to date is for a three-year period with the possibility of it being shortened. There would be provincial agreements, we were told, that might be limited to 18 months. There is even provision in the bill for a total or partial interruption of the anti-inflation program after a period of time before the three-year period.

In view of all this, keeping in mind also the fact that the bill before us provides for an extension of the legislation to five years, I think there is no harm in passing the bill now. If the anti-inflation program lasts for five years, the act could remain in force for an additional two-year period after the program comes to an end. There again, I do not think it is necessary to take this drastic step of putting the bill aside in anticipation of a decision that might not affect it. We do not know, nobody in this house knows it yet, obviously.

The bill went through all stages in the House of Commons, and it has reached the final stage in this House. I do not see why we should postpone this bill for that sole reason. In view of what I have just said, I regretfully do not believe that my honourable friend's proposal, although it was made in good faith and certainly with the common good in mind, can be accepted at this stage.

● (1530)

[English]

Senator Flynn: Honourable senators, I think it is quite obvious that it would be wise for the Senate to adjourn consideration of this bill on third reading until tomorrow. At least, we shall then be making a decision knowing all the circumstances. I therefore move the adjournment of this debate.

On motion of Senator Flynn, debate adjourned.

CRIME AND VIOLENCE

SUBJECT MATTER REFERRED TO STANDING SENATE COMMITTEE ON HEALTH, WELFARE AND SCIENCE

The Senate resumed from Wednesday, December 17, the debate on the motion, in amendment, of Senator McElman to the motion of Senator McGrand, that the Senate consider it desirable that a special committee of the Senate be established at an early date to inquire into and report upon crime and violence in contemporary Canadian society.

[Translation]

Senator Asselin: Honourable senators, I do not intend this afternoon to discuss in detail Senator McGrand's proposal concerning violence in our society but I wish to take this opportunity to congratulate Senator McGrand who has drawn the attention of the Senate to an extremely important problem. His submission is the end result of intensive research work. We realized when Senator McGrand introduced his motion that he knew his subject perfectly well. I must say that I am very much in agreement with his comments concerning violence.

It is obvious that, of late, the federal and provincial governments have been pondering over this highly important problem. I think that honourable senators are aware of the inquiry dealing with organized crime in Quebec, which shows in some detail to what extent violence is now an established fact among our young people and within our society generally. We also witness violence in the media, mostly TV, and we know that young people do commit crimes under the impulse of what they see on TV. This was confirmed recently by some authorities in that field. I think that today, as I said earlier, provincial governments are actually studying the problem for they are trying to curb violence even in sports.

Senator McGrand obviously made a very thorough investigation into the matter. Senator McGrand wanted to know the basic impulses of a person who becomes a criminal at age 15 or 16. Well, I think there we are dealing with psychology and psychiatry, and it would be extremely difficult for people like us to rule on such a delicate matter, since Senator McGrand has requested that the Senate consider establishing a committee which would make a thorough study of all those aspects I have just mentioned, the aspects of crime and the causes of crime, the intrinsic causes, as I said earlier, the inner, deep down reasons which prompt young people to commit crimes at some time or other in their life.

I listened very attentively yesterday to the excellent statement made by Senator McElman, in which he reviewed Senator McGrand's suggestions. I think he was right at the end of his remarks in suggesting that another kind of committee should study the important aspects and points raised by Senator McGrand's motion. I am talking about the amendment put forward by Senator McElman. The honourable senator said yesterday, and this is the motion he was putting forward, after explaining of course that the matter might be studied by a standing Senate committee, and not by any special committee—he was putting forward as I said, in amendment, the following motion:

[English]

That the motion be not now adopted but that the subject matter thereof be referred to the Standing Senate Committee on Health, Welfare and Science.

[Translation]

We on this side of the house have examined Senator McElman's amendment. We suggest that this amendment is too broad. We suggest that the terms of reference especially are not indicated. We suggest that if we were to adopt the amendment introduced by Senator McElman, the Senate Committee on Health, Welfare and Science would

not have specific terms of reference with respect to the motion moved by Senator McGrand and now before the Senate.

We believe that we should limit or try to find a formula for the terms of reference that could be suggested to the committee referred to by Senator McElman.

I am not against the substance of the amendment introduced by Senator McElman, but I would like it to be more specific, and with this in mind, I wish to move the following motion:

● (1540)

[English]

MOTION IN AMENDMENT TO AMENDMENT

Senator Asselin: I move, seconded by Senator Choquette, in amendment to Senator McElman's amendment to Senator McGrand's motion, that the period at the end thereof be removed and the following words added:

and that the committee be instructed to look into and report upon the feasibility of a Senate committee's inquiring into and reporting upon crime and violence in contemporary Canadian society and that, if the committee decides that such a study is feasible and warranted, it be further instructed to set down clearly how, by whom, and under what precise terms of reference such a study should be undertaken.

[Translation]

This I move in amendment to the amendment. I repeat that I am not hitting at the substance of the amendment moved by Senator McElman, but I would like to define and specify the terms of reference to the committee that will be called upon to study Senator McElman's motion.

Besides, my colleague Senator Choquette has already raised the matter during the debate on the motion. Besides, those are more or less the terms which the Official Opposition wanted to include in the amendment so as to define, as I have said, and not limit the terms of reference, and give freedom to the committee to which the matter will be referred and also to determine the scope of the committee's study.

I would not want a vote to be taken on the amendment but I would like to know whether Senator McElman might be willing to withdraw his amendment and simply accept my amendment to his amendment.

I do so in all objectivity. The Official Opposition is not acting in this way to criticize Senator McElman's proposal, but only to define the terms of reference for the committee that will be called upon to consider the matter.

[English]

Senator McElman: Honourable senators, I should like to say that I believe the proposed amendment improves the terminology and is much more explicit in its instructions to the committee, and I would agree with it.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator McGrand, seconded by the Honourable Senator Eudes:

That the Senate considers it desirable that a special committee of the Senate be established at an early date to inquire into and report upon crime and violence in contemporary Canadian society.

[Senator Asselin.]

In amendment, it is moved by the Honourable Senator McElman, seconded by the Honourable Senator Carter, that the motion be not now adopted but that the subject matter thereof be referred to the Standing Senate Committee on Health, Welfare and Science.

In amendment to the amendment, it is moved by the Honourable Senator Asselin, P.C., seconded by the Honourable Senator Choquette, that the period at the end of the amendment be removed and the following words added:

and that the committee be instructed to look into and report upon the feasibility of a Senate committee's inquiring into and reporting upon crime and violence in contemporary Canadian society and that, if the committee decides that such a study is feasible and warranted, it be further instructed to set down clearly how, by whom, and under what precise terms of reference such a study should be undertaken.

Is it your pleasure, honourable senators, to adopt the motion in amendment to the amendment?

Hon. Senators: Agreed.

Motion in amendment to amendment agreed to.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the amendment as amended?

Hon. Senators: Agreed.

Motion as amended agreed to.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, I move that the Senate do now adjourn to reassemble at the call of the bell at approximately eight o'clock this evening.

Senator Flynn: Is that just in case some legislation comes over from the other place?

Senator Langlois: A bill is expected this afternoon, yes.

Senator Flynn: May I ask if any time has been envisaged for sitting tomorrow? I assume we shall be sitting in the morning.

Senator Langlois: Yes, it is intended to sit at eleven o'clock tomorrow morning.

Senator Asselin: Or perhaps ten o'clock?

Senator Flynn: Or ten o'clock, if it is necessary?

Senator Langlois: Yes.

The Senate adjourned during pleasure.

At 8.30 p.m. the sitting was resumed.

FEEDS ACT

BILL TO AMEND—COMMONS AMENDMENTS—REPORT OF COMMITTEE ADOPTED

The Senate resumed from earlier today the debate on the motion of Senator Argue for the adoption of the report of the Standing Senate Committee on Agriculture to which

were referred the amendments made by the House of Commons to Bill S-10, to amend the Feeds Act.

Senator Langlois: Honourable senators, I do not wish to delay consideration of these amendments any longer. I explained my position when I spoke on the motion of Senator Argue referring the amendments made by the House of Commons to the committee. I have not changed my mind, and I support the amendment.

Senator Flynn: Is a message going to be sent right away, before the other place reads Senator Argue's speech in tomorrow's *Hansard*?

Senator Perrault: Honourable senators, may I make just one observation? Here is another example of very constructive work being done by one of the committees of the Senate. The chairman and members of that committee deserve great credit for simply stating that there are ways to improve legislation and that the Senate can play a very useful role by suggesting that there may be amendments to amendments from the other place. In discussions with representatives of the government today, they conceded that there was great value in this amendment, and I am delighted that this kind of action is going forward from this chamber.

Senator Flynn: I would hope that if the amendment to the amendment is concurred in by the other house, that will be interpreted here as a licence to do this kind of thing more often. I keep telling my friends opposite, we should never be afraid of delaying legislation when the reason for such a delay is to improve it.

Senator Forsey: Honourable senators, I think this is an occasion when we should describe the Senate as "the defenders of the people."

Senator Greene: Honourable senators, I would like to join the Leader of the Government and the Leader of the Opposition in their commendation, chiefly of the Chairman of the Agriculture Committee, whose tenacity and astuteness made this possible.

I would like to say that I was speaking tonight with a leading member of the New Democratic Party, namely, the member for Timiskaming, who I think is a credit to any legislature, whatever his party affiliation may be, who commended us in the Senate for what we had done in this regard. He told me that he felt very badly about what Mr. Nystrom had done in committee in respect to emasculating the powers we had put in the bill.

Senator Argue: Honourable senators—

Senator Flynn: Let us pray!

Senator Argue: —I, too, am delighted with the progress we are making, but I just want to point out that the original initiative that brought this all about was taken in the committee by Senator Greene. I think he should have the credit that he deserves for having first brought it up, after which, others, seeing what a good idea it was, helped him take it along to this point.

Motion agreed to and report adopted.

The Hon. the Speaker: Ordered, that a message be sent to the House of Commons to acquaint that House that the Senate concurs in the first and second amendments made

by the House of Commons to the Bill S-10, intituled: "An Act to amend the Feeds Act," but has amended the third amendment, to which they desire their concurrence.

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow at eleven o'clock in the morning.

Senator Flynn: Honourable senators, from the answer we were given earlier today by the Leader of the Government, it appears that the Senate will have to deal with four more pieces of legislation before winding up for the holidays. Bill C-52, as I said before, and as I think is generally agreed, will present no problem. The bill concerning the Halifax disaster fund does not present any problem either. There are, however, two pieces of legislation which are very important, namely, the housing bill and the unemployment insurance act amendment bill, Bill C-69. It seems to me that if these bills do not come to us before 2 o'clock tomorrow afternoon, it will be very difficult for the Senate to deal with them properly within the regular schedule. I do not even think it would be proper for us to try to do so.

What I should like to suggest to the Leader of the Government is that, if we do not receive these bills before 2 o'clock tomorrow afternoon, then the way to deal with the situation would be for the Senate to adjourn and come back in the new year to examine these bills free of the pressures of an impending adjournment. I do not think we should allow ourselves to be forced into the position that we have been forced into before. It seems to me that the period between Christmas and New Year's is not the proper time during which to deal with problems of this kind and with legislation of this importance. So, I should like the Leader of the Government to consider the possibility that when the Senate adjourns tomorrow it stand adjourned until the end of January—until the date which I believe was suggested in the other place—but subject to recall at the beginning of January to deal with these bills, if necessary. In my view, this would be the most effective way to show the other place that we do not intend to be pushed into the position of rubber stamping this kind of legislation.

I entirely agree that some bills can be dealt with in a matter of a few minutes or a few hours, but the two major pieces of legislation I have referred to would require more time and more suitable circumstances to be dealt with adequately by the Senate.

Senator Perrault: Honourable senators, the suggestion made by the Leader of the Opposition will be given careful consideration. We may be in a better position tomorrow afternoon to judge exactly the best way to expedite the business before the house, after we have heard a progress report from the other place later this evening. Certainly the points made by the Leader of the Opposition will be studied very carefully.

Motion agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, December 19, 1975

The Senate met at 11 a.m., the Speaker in the Chair.
Prayers.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS
MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. O'Connell had been substituted for that of Mr. Marchand (Kamloops-Cariboo) on the list of members appointed to serve on the Special Joint Committee on Employer-Employee Relations in the Public Service.

ANTI-INFLATION PROGRAM

STATEMENT BY PRIME MINISTER—SALARIES OF JUDGES—
QUESTION

Senator Flynn: Honourable senators, as I am sure all of you did, I listened with great attention to the speech made by the Prime Minister last night, and I would like some clarification from the Leader of the Government about a statement made by the Prime Minister to the effect that the salaries of judges would be frozen. It seems to me that this must be an error. The Prime Minister intends to freeze their salaries. Yet, when we passed the last piece of legislation concerning this matter it was understood that the question would not be put before Parliament for another three years. Was that a mere public relations statement? The legislation gave them an increase but it was understood that would be for three years. So what are we freezing here? Nothing! They weren't going to get any more anyway.

Senator Grosart: Window dressing.

Senator Perrault: Honourable senators, the announcement made by the Prime Minister, of course, will be followed by the appropriate measures required to bring into effect the announced salary freezes.

Senator Flynn: But that freeze is already in place in the case of judges. There is no provision in the law for any increase in the salaries of judges appointed by the federal government.

Senator Asselin: No indexation.

Senator Flynn: No indexation at all.

Senator Langlois: The freeze is for one year.

Senator Flynn: There is no freeze. Bill C-47 settled that matter. We were told there would be no increases for a period of three years. So, now I am trying to determine the basis for the statement made by the Prime Minister. There

was nothing to freeze in their case. It was just empty rhetoric.

Senator Perrault: I misunderstood the question. The particulars of the Prime Minister's statement shall be obtained and tabled in the Senate, if that is the wish of the Leader of the Opposition.

Senator Flynn: I was hoping for a correction in this respect to the speech made by the Prime Minister last evening.

Senator Grosart: The particulars will not match up to the promises, generally.

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—THIRD READING

The Senate resumed from yesterday the debate on the motion of Senator Barrow for third reading of Bill C-74, to amend the Regional Development Incentives Act.

Senator Flynn: Honourable senators, my purpose in adjourning the debate yesterday was to find out what the Prime Minister would be saying in relation to this program. As all senators are no doubt aware, there is to be quite a reduction, or at least a freeze, in this program. Before giving third reading to this bill, I think it would be useful if someone on the government side were to inform the Senate how last night's announcement will affect this particular program.

● (1110)

Senator Perrault: Honourable senators, this bill is of great importance to many areas of the country, and it seeks to extend the Regional Development Incentives Act administered by the Department of Regional Economic Expansion for at least five years. The statement by the Right Honourable the Prime Minister last night indicated areas where cutbacks are to be made in current government expenditures, as well as certain programs which had been scheduled in the next few months. However, the government continues to place high priority on the regional development program, which is implemented through the Regional Development Incentives Act. The bill before us does not incorporate any other changes, beyond the extension, of course, for that period of five years.

This is a program that we think is of real value. Last night it was announced by the Prime Minister that some programs are to be terminated. All programs initiated by governments are subject to termination as new economic challenges arise and new problems evolve. However, we as a government have been very encouraged, as have the provinces, by the beneficial way in which the Regional Development Incentives Act has worked.

I would urge you to consider the importance that is attached to the speedy processing of this legislation. There

is a time factor involved here. From a purely practical and immediate point of view, the act, as honourable senators are aware, expires on December 31, 1976, and applicants with accepted incentive offers must be in commercial production by that date in order to receive incentive payments.

Senator Grosart: By what date?

Senator Perrault: December 31, 1976. Because of the lead time required on larger projects the deadline is already beginning to create an inhibiting atmosphere of uncertainty, and one of the problems we have in the country is the problem of economic uncertainty. Uncertainty is not a stimulus to growth in any sense. The intent of the bill is to extend the commercial project deadline to December 31, 1981. It is obvious, then, that we have before us legislation to which certainly some urgency attaches. However, I think we should attach equal importance to the long-range point of view. The incentives program has made a real contribution to the creation of a substantial number of long-term industrial jobs in the slow growth regions of the country, happily at costs that are generally far lower than other methods of support for job creation. In general, these jobs have tended to improve the quality of the higher employment manufacturing sector in the region concerned, and many of the RDIA-assisted firms have tended to be in economic sectors that will probably experience greater than average growth.

As many people at times forget, payments are made only when the industrial project concerned comes into viable operation. Since its introduction in 1969, the same year as the Department of Regional Economic Expansion was created, the RDIA has evolved into a principal instrument of the federal government for encouraging manufacturing and processing investment and employment in the slow growth parts of the country, and generally there have been successful experiences, which could be enumerated, in all provinces of Canada.

We believe it is a highly responsive federal mechanism, with fully more than 70 per cent of all decisions on incentives offers made by personnel living and working in the region eligible under the legislation.

Placing the incentives program in the broader context of the department's current regional development policy, it is important to note that RDIA works in effective concert with DREE's other principal policy mechanism—the General Development Agreement, or GDA.

As described during earlier deliberations, the GDAs are umbrella agreements with the provinces. As honourable senators may be aware, they allow for subsequent action to be taken to identify and act upon social and economic development opportunities.

The incentives program complements these development activities and together they constitute a comprehensive approach to the problem of reducing economic disparities in Canada, with flexibility adapted to both regional differences and changing social and economic circumstances.

For these reasons it is hoped that honourable members will agree to the extension of the Regional Development Incentives Act in order that this worthwhile program may continue.

In the light of the announcements made by the Right Honourable the Prime Minister last night, I want to provide assurance that it is the intention to carry on this valuable program for a further period of time, and to make it more efficient and more effective. This program is not subject to imminent termination, as are some of the other programs referred to last night.

I can appreciate the concern expressed by members of the Opposition when they asked that the debate be adjourned until we had heard from the Prime Minister. However, I can give the assurance that the government has a great deal of confidence in this development program. That is why I urge support for an extension of the Regional Development Incentives Act for a period of five years.

Senator Phillips: Honourable senators, the President of the Treasury Board indicated last evening that the program would be limited to certain areas of high unemployment. Could the Leader of the Government indicate what regions of high unemployment will still be eligible for DREE grants, and which geographical areas of Canada will be removed from the program?

Senator Perrault: Honourable senators, the information which has been made available to me indicates that the Maritime provinces are going to continue to receive this kind of assistance. The Atlantic provinces—Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island—and parts of Quebec and Ontario, appear to be the highest unemployment areas in the country at the present time. The levels of employment in most areas of the Prairie provinces are quite encouraging. There are parts of British Columbia where unemployment levels are unsatisfactory, but on the basis of the national picture most of the regional development program, without excluding any region, will be directed to the higher unemployment area in the Atlantic provinces, and certain other eastern points.

Senator Flynn: Is the reduction of \$11.6 million, as tabled in yesterday's *Hansard* in the other place, the correct figure?

Senator Perrault: Yes. There will be a reduction of that amount in proposed 1976-77 spending, but the amount of money spent on the program is not really an indicator of the efficacy of the program. We believe that in any kind of governmental operations, there can be found examples of where funds can be expended more efficiently and effectively. Merely to take the projected nominal reduction in the amount allocated for this program does not indicate a lack of government confidence in the program as such.

The government, for example, has been seeking ways to effect useful economies in a number of directions. I think the government, basically, with the support of all parties in Parliament, wants to make certain that taxpayers' money allocated for all purposes—including, for example, medical services and social programs—is expended efficiently and effectively and that this aid reaches those most in need of assistance. Even the so-called freeze and effective dollar reductions in this program, we believe, will not affect its basic value to the country.

Senator Flynn: Just for clarification, as I read it in *Hansard*, with respect to regional economic expansion it is \$11.6 million.

Senator Langlois: Is that the House of Commons *Hansard*?

Senator Flynn: Yes. Apparently that is the reduction, but it is mentioned that it would be frozen at the 1975-76 level. Does that mean that the reduction is on the anticipated appropriations rather than on current expenditures? Because the last time we were told that the government would be slicing a billion dollars from its expenditures we learned afterwards that it was expected expenditures, or contemplated expenditures, that they would be reducing by \$1 billion. It is cynical to indulge in such practices, and it can hardly be expected to fool anyone.

Senator Perrault: May I provide an additional assurance to the Leader of the Opposition? Part of the general program of cuts comprises reductions in expenditures in existing programs. There are cutbacks in moneys which had been allocated for certain programs. Part of this program of cutbacks represents reductions in budgeted amounts contemplated over the next fiscal year. So it is a mixture of both those types of reductions. By this procedure it is hoped that the original anticipated increase in the budget of in excess of 20 per cent can be reduced to a more acceptable level—something like 14 per cent.

I think the Honourable Leader of the Opposition must concede, after his long and effective work on the government side at one point in his career, that it is extremely difficult to effect the kind of economies that governments would wish to achieve. Many of the government programs are cost-sharing programs established by statute, so that to achieve the kinds of massive economies or cutbacks appropriate for these inflationary times in which we find ourselves is extremely difficult. It is all very well for the government to reduce programs such as Information Canada, which in fact it is eliminating—

Senator Asselin: It should have been eliminated a long time ago.

● (1120)

Senator Perrault: That may be a saving of \$4 million, but in relation to a budget of \$30 billion it does not represent a large amount of money in percentage terms. The government has carefully reviewed the present expenditures of all departments of government and all expenditures anticipated over the next few months. Some major actions have been taken to try to reduce these costs wherever possible. In most departments there have been reductions both in the amounts being expended currently and in the anticipated budgets.

Senator Grosart: Would the Leader of the Government agree that he now has an answer once again to the question he asks so often: where can savings be made in government expenditures?

Senator Perrault: Again, may I suggest to the honourable senator that if he has any insights or inspirations which may assist the government in this process, we shall eagerly await a communication from him.

Senator Grosart: Thank you. I will write you a letter.

Senator Smith (Colchester): Honourable senators, I am not quite sure whether we are engaged now in a debate upon the statement of the President of the Treasury Board,

[Senator Flynn.]

but if we are I should like to contribute to it. Before doing so, however, I should like to make the observation that I have not received a copy of yesterday's House of Commons *Hansard*, and that consequently I cannot speak on this matter except on the basis of what I have read in the newspapers and heard through the various media. This prompts me to wonder why the House of Commons *Hansard* has not been distributed, and also why the regulations have not been distributed. They are not on our desks either, and surely they are of interest to this house, which is at least an equal house of Parliament.

Senator Perrault: It is hoped that they will be available today.

Senator Smith (Colchester): One would have thought that they would be available to this house as soon as they were available to the other house, except for the time needed to bring them from one place to the other.

If, however, we are engaged in a discussion of the statement of the President of the Treasury Board, I should like to make this observation. I listened as carefully as I could to what was said on television, I read as carefully as I could what was published in the press, and I cannot help but get the impression, having gone through this exercise a good many times myself, that exactly what has happened is that the original estimates, as submitted by the various departments, were looked over carefully, perhaps pretty toughly, by the President of the Treasury Board and his staff, and all that has happened really is that we have been informed as to the reductions made in the requests of the various departments for funds for next year. That is the only impression I have formed from what I have been able to glean so far. If I had a copy of the statement of the President of the Treasury Board I might be able to form a different opinion, but when you end up with the conclusion that the government intends to increase its overall spending by 14 or 15 per cent, it is pretty hard to believe that there is anything more involved than the elimination of the programs which were mentioned, and, in one or two instances—perhaps more than one or two—an absolute reduction in expenditures next year. All that has happened is that the departments have had their expenditures for next year pared. This happens every year, and I venture to say that if one were to look back over the last five years, or any number of years, one would find a large figure representing the sums which have been pared by the Treasury Board from departmental estimates.

It seems to me, aside from the exceptions I have mentioned, that that is exactly what has happened now, but we are being told that a great effort is being made to enforce a program of austerity in government spending. One could go on for a long time about that, but at the moment I do not intend to do so. Can the Leader of the Government tell us—and I listened carefully to the exchange between him and the Leader of the Opposition a few moments ago—whether the change, if any, in expenditures with relation to the DREE programs is an absolute reduction projected for next year, as compared with expenditures this year, or whether it is simply a reduction in the amount requested by the department for next year, but which may still leave as much money or more in the program for next year as is the case this year.

Senator Perrault: Well, honourable senators, I do not have detailed information available. I repeat, however, that the program reduction represents both a cutback and a freeze. I had not anticipated that we would be into that kind of detail in this particular discussion.

When we talk in terms of freezing at the 1975-1976 levels, in terms of real purchasing power dollars, those dollars in 1976-77 will be subject to inflation. Thus the "freeze" would represent a reduction in real purchasing power. But there is no intent here on the part of the government to cripple this program or weaken it or make it less effective. As the honourable senator is aware, having served as a leader of one of the provinces, it is extremely difficult—and I said this earlier—to unlock major programs and effect the kind of major savings which may be required at a particular time under particular economic circumstances. For example, the expenditures by this government of taxpayers' money on behalf of the senior citizens of this country represent an enormous amount of money, but I do not think that any senator or any member of the other place would want to cut back on programs available to our senior citizens. Then we go to other major programs such as health and welfare, an extremely important area where we work in conjunction with the provinces, an area where it is difficult to achieve major cuts. The family allowance program is another area where the Prime Minister announced last night that for one year the cost-of-living index would not apply. I know of no way to effect painlessly the kind of tax savings which clearly the Canadian people and the economy require of all governments under present economic circumstances. It can be said, however, that despite the family allowance "freeze" many of the families of this nation who are receiving family allowances will have assistance in other directions made available to them because of the other range of government measures which have been implemented and are to be implemented on behalf of lower income groups. I assure honourable senators that the idea of freezing the indexing of family allowances for a 12-month period brings no joy to the hearts either of those who serve in government or those who serve in opposition. But it should be said and placed on the record that Canada has the most generous program of family allowances in the world, despite the situation. There is not a better program in existence.

● (1130)

Senator Grosart: Not so.

Senator Perrault: Well, if honourable senators know of a better one, then I would appreciate having the information which may be available to them.

Senator Grosart: Look at Sweden.

Senator Perrault: Our treatment of senior citizens in this country is as good as or better than that accorded in any other country in the world. Let us remember these facts when we consider the family allowance freeze and the fact that the index may not apply over the next 12 months.

I believe that this government deserves a great deal of credit for social reforms, and when there was a predecessor government in power, that government too brought in useful social legislation. Canadian governments generally have been in the forefront in initiating social reform in

this country. So we need not apologize, I think, for the fact that for just one year, in order to save over \$200 million—some of which may be spent in other areas to assist lower income groups—as I say, honourable senators, we need not apologize for the fact that this freeze is going to be necessary for 12 months, regrettable though that may be.

Senator Grosart: Honourable senators, perhaps to bring the discussion within the order paper and perhaps also within our rules, could I ask the Leader of the Government if sometime later in the day he would answer this quite simple question? Referring to the sum of \$11 million set out in the Treasury Board appendix, do the reductions, which is the word used, refer to the departmental expenditure proposals received in March and/or to the first recommendations of the Treasury Board, or to actual cost cuts in expenditures? I say that because the phrase in the notes is "departmental expenditure proposals." This covers all reductions. It says, "departmental expenditure proposals were received in March and following analysis the Treasury Board developed their first recommendations on expenditures" and so on.

So it appears that they all refer, with the minor exceptions to which the Leader of the Opposition has referred, merely to departmental expenditure proposals.

Senator Perrault: Honourable senator, I shall seek clarification from the Treasury Board today and, hopefully, report back later. I do not have the particulars, but I shall certainly endeavour to obtain them.

Senator Grosart: Clarification of the one item would be sufficient. I did not expect you to have all the particulars today.

Senator Bélisle: In light of the information we have just received from the Leader of the Government, and also in light of information we received from the Right Honourable the Prime Minister last night, according to which many programs will disappear—programs such as Information Canada, DREE and, to a certain extent, many other programs, including family allowances—

Senator Perrault: DREE will not disappear.

Senator Bélisle: The salaries of senators and members of Parliament will be frozen; they will not receive the previously announced increase. My question is: Will this apply to the increase received by the deputy ministers recently? That, in my thinking, is a good question, because the deputy ministers received a large increase. If this is to apply to judges, then, in my opinion, it should also apply to deputy ministers.

I would also ask: Is it possible that Information Canada, DREE and LIP, which were supposed to be well-regarded, are now, as the commentator on the radio said this morning, the unwanted children and will be flushed away? Could it be that CIDA, for example, is the preferred child and will not be restricted or frozen in any way? We should have this information. In my opinion, CIDA is doing a good job, but so are DREE, LIP, and the family allowance program.

Senator Perrault: Honourable senators, I wish to assure you that DREE is not being eliminated. LIP is undergoing some changes involving restructuring and, perhaps, a redeployment of dollars, formerly directed into certain types of

projects, into those projects which employ a maximum amount of labour, in order to help meet the unemployment problem. Certainly the funds allocated to CIDA and other external programs are subject to restraints, but there is no total elimination. I give the assurance that CIDA is to be included in the anti-inflation governmental restraints. As well, the total budget requests of entities like the Canadian Broadcasting Corporation are not to be met. If, for example, the CBC is accorded an increase in the area of 10 per cent in terms of real purchasing power, taking into account the inflationary effects on the economy, that would just about represent a hold-the-line policy for expenditures by the corporation. The government, literally, has gone through every program to determine whether or not savings can be effected without crippling those programs of real value to the country. DREE is not being cancelled. Indeed, the proposed legislation which is before us indicates that we wish the Regional Incentives Program and associated programs to continue.

Senator Phillips: Honourable senators, I notice included in the items listed for reduction one of \$5 million under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act. I should like to ask the Leader of the Government if he feels that this reduction in freight rate assistance in the Atlantic provinces will be at cross-purposes with, and will defeat, any benefit retained by this area in the DREE program?

● (1140)

Senator Perrault: Honourable senators, I had not anticipated a general debate on the proposals tabled by the minister who heads the Treasury Board. However, with adequate notice we could well discuss this question further. I do not have the technical information available, and any comments I could make on this subject would not be very useful, helpful or informative.

Senator Forsey: Honourable senators, may I rise to a point of order? Surely a great deal of this discussion has been completely out of order, and, I venture to think, also has been relatively useless, because in so many instances we have not got the documents before us which would enable us to discuss the thing with the degree of enlightenment that we should have.

The honourable Leader of the Opposition apparently has certain documents, the Honourable Senator Smith from Colchester has not got certain documents; I have a news release here. But there are a great many things that I should like to discuss on this subject. I think they would be completely out of order at this stage and I think we would be very much better advised to go ahead and deal with the bill before us and come back to a discussion on this on some proper basis when the Leader of the Government has presented the necessary papers to this chamber.

Senator Grosart: Sunday afternoon!

Senator Smith (Colchester): Honourable senators, before my colleague reminded us in such timely fashion that we were all out of order, I had attempted to be as far out of order as the Leader of the Government and deal with some of the things that he had said, which I agree were out of order.

However, I would like to remind him, if I may, that I did not call on him to apologize for anything. He seemed to be

[Senator Perrault.]

very tender about apologies. But if I were called upon to suggest what he should apologize for on behalf of the government, it is that they did not take this action a year or 18 months ago. Had they done so we would not be in this difficulty today.

Some Hon. Senators: Oh, oh!

Some Hon. Senators: Order.

Senator Smith (Colchester): Never mind. Please do not press me too far, or I shall say some other things that are out of order. I rose for the chief purpose of saying once more that it seems to me strange that there are not available to all of us copies of yesterday's *Hansard* of the other place. Some honourable senators apparently have them. My mail box was empty just a little while ago. Anyway, why should they be put in the mail box? Why should they not be put on the desks? If there is something that I should have done that I did not do in order to obtain *Hansard*, I would be glad to do it.

Everything else seems to have been distributed here, and copies of Commons *Hansard* have been distributed here on other occasions. I had no intimation that I should go to the mail box, although I went there a short time ago.

If I am wrong in making this assertion that it should be available, I regret having caused any difficulty. But I say again that the custom has been, in the short time I have been here, that *Hansard* has been distributed, and I expected it to be distributed today.

Hon. Senators: Question.

Senator Perrault: Honourable senators, I want to say that most senators have received the House of Commons *Hansard* of yesterday. If it is more helpful to the honourable senator to have the statement of the head of the Treasury Board tabled in this chamber, then I will, of course, do that.

Some Hon. Senators: Question.

The Hon. the Speaker: It is moved by the Honourable Senator Barrow, seconded by the Honourable Senator Lefrançois, that the bill be now read the third time.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read third time and passed.

ANIMAL CONTAGIOUS DISEASES ACT

BILL TO AMEND—THIRD READING

Senator Langlois moved the third reading of Bill C-28, to amend the Animal Contagious Diseases Act.

Motion agreed to and bill read third time and passed.

The Senate adjourned during pleasure.

At 5 p.m. the sitting was resumed.

NATIONAL HOUSING ACT CENTRAL MORTGAGE AND HOUSING CORPORATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-77, to amend the National Housing Act and the Central Mortgage and Housing Corporation Act.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator McIlraith: Honourable senators, I move, with leave, that the bill be now read the second time.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Senator Grosart: Honourable senators, before Senator McIlraith proceeds I should like to rise, not on a point of privilege, but to ask for information. I am in a bit of a quandary. I have before me what is generally called the Scroll, which in this case is also an addition to the Order Paper. I read:

Senator McIlraith—

This is after Senator McIlraith has moved that the bill be now read the second time.

—moves that the bill be committed to a Committee of the Whole presently.

Then I read:

Resolved in the affirmative. The Senate accordingly adjourned during pleasure and put into a Committee of the Whole on the Bill, the Honourable Senator Macnaughton, P.C., in the Chair—

In the Committee

Pursuant to Rule 18, the Honourable Barnett J. Danson, P.C., Minister of State for Urban Affairs is escorted to seat in the Senate Chamber.

And then I read:

The Honourable Senator Macnaughton, P.C., from the Committee, reports that they have taken the Bill into consideration, and directed him to report the same to the Senate, without amendment.

Now, I am not altogether sure of the status of the Scroll, but it is part of the Order Paper in this form, because the message from the House of Commons which we have just received is now on the Order Paper. I therefore suggest that there is some kind of extraordinary presumption on the part of somebody when we are told in Order Paper form exactly what is going to happen before it happens.

I think some direction should be given to whoever prepares this document that this is not the way the Senate should be expected to conduct its business.

Senator Perrault: Honourable senators, I want to assure Senator Grosart that this is not part of the Order Paper. This is part of the general format of our sitting; it is a

guide to the activities of this chamber. It has been a useful aid in the past. There is no suggestion on the part of the government that because those words appear in the general suggested schedule for this particular sitting, it means in any sense that amendments may be excluded. Indeed, if the honourable senator has a list of amendments that he would like to propose to this particular bill, they will be given their usual courteous attention and consideration.

Senator Grosart: I am quite sure that is so, but the Honourable Leader of the Government has apparently missed my point. I was not objecting to the ordinary form of the Scroll. It was the use of the past tense to which I was objecting, where it states:

The Senate accordingly adjourned during pleasure and put into a Committee of the Whole on the Bill, the Honourable Senator Macnaughton, P.C., in the Chair.

If this was in the form of a suggestion, that would be one thing. I am objecting to it being in the past tense and stating, before we even consider the bill, that we have done certain things and that the committee reports the bill without amendment. I am objecting to this bit of presumption on the part of whoever prepared this, and I hope that directions will be given so that the Senate will not be faced with this type of situation when we start to consider a bill.

Senator Perrault: Honourable senator, the suggestions you have made will be given careful consideration. I want to provide assurance that no offence is intended, but that it is important for the procedural efficiency and—

Senator Grosart: I know the purpose of the Scroll. I am not objecting to that.

Senator Perrault: —the scheduling of business in this house to make certain all of us know the procedure.

Senator Grosart: I know the purpose of the Scroll. I have been dealing with the Scroll for 12 years. My objection is to the presumption. I am told what the Senate has done before it is done.

Senator Perrault: Honourable senator, that is not part of the Scroll; it is an addendum. It is a suggested procedural sheet to guide some of our actions in the chamber. I want to assure Senator Grosart that it is not going to be enshrined in the records of this house forevermore.

Senator Grosart: The honourable leader apparently is not aware of the facts. He said this is not part of the Scroll. It is page 3 of the Scroll. The other page to which I referred is page 4 of the Scroll.

Hon. George J. McIlraith: Honourable senators, before commencing to deal with the bill itself, I should perhaps acknowledge some responsibility for what has happened. Last spring when we used the procedure of the Committee of the Whole—I thought rather satisfactorily—it had not been used for some years. The result was that there was some confusion about the precise detail of the formalities involved. Therefore, last night, in case the Committee of the Whole procedure was acceptable to honourable senators with respect to this legislation, I suggested that the precise language of the formal part of the proceedings should be worked out in advance. Since coming to the Senate it has been my observation that this procedure has not been commonly used, and I did not want us to run into

any uncertainties about its formal aspects, as was the case last year.

Honourable senators, I will now address myself to the legislation before the Senate. It proposes some significant amendments to the National Housing Act. These amendments are designed to increase the supply of moderately priced housing, both for purchase and for rental, by encouraging more private investment in the housing market in order to free public funds for public housing and non-profit and cooperative housing. It modifies and expands both the assisted home ownership program and the assisted rental program and it offers new incentives to municipalities for residential development.

The government's objective is a million new housing starts in the next four years. That is what will be needed if we take account of the rate of household formations, migration from province to province, necessary demolitions, and other factors usually taken into account in assessing needs. This rate of production can be maintained only with the cooperation and participation of the private sector of the economy—including builders, developers and financial institutions.

The annual investment, both public and private, in residential construction in Canada is now approaching \$8 billion. By increasing private investment, more public funds will be available to help those groups of people in our society who are in most urgent need of help to obtain housing.

The Minister of State for Urban Affairs has announced that private lending institutions will be expected to increase their investment in housing in 1976 by some \$750 million, and he has been given assurance that these additional funds will be forthcoming.

● (1710)

Through this bill the assisted home ownership program is expanded to make loans available interest free during the first five years to anyone, with or without children, who wants to buy a modestly priced home. Similar loans are available to entrepreneurs who will build modestly priced rental accommodations under agreement with Central Mortgage and Housing Corporation.

It is anticipated that in most cases the assisted home ownership program and the assisted rental mortgages will be provided by private lenders. CMHC mortgages will be reserved for purchasers who do not have access to this private lending.

More private investment and housing and servicing for housing will allow us during this period of budgetary restraint to maintain and, hopefully, to increase our investment in federal-provincial housing programs.

The assisted home ownership program up until now has had two important restrictions: first, it has been confined for all practical purposes to households of three people or more; second, it has been available only to households whose mortgage payments and local taxes would exceed 25 per cent of their income without the assisted home ownership plan aid. Both these restrictions are being done away with under the proposals of this bill.

At the same time, however, the bulk of the assistance offered is being changed from an outright grant to an interest-free loan. Two-person households, regardless of

[Senator McIlraith.]

income and provided they meet the house price limits, will now qualify for an interest-free loan sufficient to cover the difference in monthly payments on a mortgage at market interest rates and the same mortgage at 8 per cent. Outright grants will continue to be available in some cases, but only where a three-person household is involved and then only to the extent that taxes and mortgage payments at 8 per cent take up more than 25 per cent of the income of the borrower. The maximum annual amount of grant will be increased from its current level of \$600 per year to \$750. The loan component of the assistance is interest free during the first five years or until the home is sold or refinanced upwards. After that the loan is repayable at current rates of interest.

The program in its entirety is confined to moderate cost new housing and is therefore subject to price limits established by Central Mortgage and Housing Corporation for each of its branch office areas across the country.

It will be quite evident to honourable senators that this program, with its modifications, will be a great boon to many Canadians who need a boost to get into the home ownership market. At the same time, however, the program serves a broader purpose. It will provide a powerful stimulus to the housing industry to shift production away from the high end of the price scale towards more modest accommodation. The same purpose will be served by requiring lenders to restrict the most favourable arrangements—that is, high ratio, low down payment mortgages—to lower and medium priced housing. People who want to buy expensive housing will have to put up at least 25 per cent of the cost as their down payment.

I think all senators will be aware that the sector of the residential building industry faced with the most difficult problems is that of providing rental accommodation. The economics of building and renting housing is unattractive to potential investors at the present time. The result is that little rental accommodation is being built, and in some large urban areas the vacancy rate is less than 1 per cent. The role of the federal government in this situation is to help restore economic viability to this market, and, by increasing the supply, to help restrain the pressure on prices. This bill will allow Central Mortgage and Housing Corporation to make interest-free loans during the support period to entrepreneurs who are prepared to erect modest rental accommodation under an agreement with Central Mortgage and Housing Corporation. Maximum annual assistance is increased from \$900 to \$1,200.

● (1720)

One of the most serious obstacles to increased residential development is the lack of serviced land. Many municipalities consider residential development, especially low cost development, as a drain on revenues and are reluctant to encourage such projects. Although municipalities fall within provincial jurisdiction, delays in improving developments are so common they have become a matter of national concern and were discussed at some length at the most recent federal-provincial conference on housing. The federal government provides incentives for servicing of land for housing through loans and grants made under the sewage treatment assistance program. This bill increases these incentives by adding water treatment plants and the

supply of water mains to the program where they are required to open new land for housing.

To serve the same purpose, this bill makes available grants to municipalities of \$1,000 for each unit of moderately priced, medium density housing. These grants will be made with provincial concurrence and will support provincial plans for urban developments.

The final clauses of this bill involve changes in organizational arrangements within the Central Mortgage and Housing Corporation. Provision is made for separating the position of chairman of the board of that corporation from that of the president, and permits the chairman to be one of the public service representatives on the board of directors. The purpose of these clauses is to allow the Secretary of the Ministry of State for Urban Affairs, at the same time, to be chairman of the board of Central Mortgage and Housing Corporation. This, it will be seen, should permit closer cooperation and coordination between the department and the housing corporation. While they are both answerable to the same minister, this new arrangement should provide better working machinery for the coordination of their efforts.

Honourable senators, I commend this legislation to your consideration. I hope it is in satisfactory form. It should stimulate housing production generally, and it should steer resources into the kind of modest, moderately priced housing Canadians need at this time in our history. By encouraging more private investment it should free more funds for the important public financed housing programs, and, because of the way it is designed, produce a greater number of much needed housing units in proportion to the total money spent.

Honourable senators, I do not think there is much more I could usefully say at this moment. If and when the bill receives second reading—and here I am in the hands of the Senate—I would be prepared to ask your consent to commit the bill to a Committee of the Whole, in accordance with rule 18, which carries with it an invitation to the minister to come into the chamber and answer questions. In the circumstances in which we find ourselves today, I think this would be the best way to deal with the legislation. The minister and the appropriate officials of the department are available for this purpose.

● (1730)

Hon. Orville H. Phillips: Honourable senators, I thank Senator McIlraith for his introduction and explanation of Bill C-77.

Every year at about this time we hear various profound announcements on the need to increase our efforts to provide housing for Canadians. I often think that when the red lights go on at Christmas they seem to affect both Central Mortgage and Housing Corporation and the government, and they appear to follow the pattern of red governments by announcing a program designed for the following four or five years. We have become quite accustomed to these announcements, but our own home supply is still inadequate and costs have become prohibitive.

In its latest program the government appears to be recognizing that most young Canadians will never own their own home or, at least, one suited to their own desires. Indeed, the minister responsible for housing has already

stated that Canadians are expecting too much in housing, and that the day of the single family dwelling is over. The present legislation ignores the high cost of construction, and, if I may, I should like to refer to this for a moment.

The installation of services—that is, hydro, water, sewers, telephone, et cetera—costs approximately \$200 per linear foot. For a lot with a frontage of 50 feet this amounts to \$10,000. The average construction cost—and this is for the type of housing considered under this bill—is \$25 per square foot. Therefore, a home comprising 2,000 square feet would cost \$35,000. After investing, say, \$60,000 in the house, it is logical that we should look for a lot on which to place the home, and the average building lot in Ontario now costs \$30,000. All this makes the minimum cost of the house \$90,000.00.

If we switch to row housing, stacked housing, town houses, condominiums, then we reach a lower figure. Cluster town houses—that is to say, those that have no frontage—can be purchased for approximately \$59,000, while a high rise condominium of 700 square feet, with two bedrooms can be purchased, depending on the area, for \$46,000 to around \$49,000.

Under the proposed legislation the maximum cost of houses allowable under this program varies from centre to centre—in Toronto and Vancouver it is \$47,000 per home; in Ottawa, \$38,000; Halifax, \$38,500; and Prince Edward Island, \$32,000. Therefore, honourable senators, it is quite clear that in large centres, particularly, the only hope for a young couple wishing to own their own home under this legislation will be a high rise condominium somewhere, and it will be in the vicinity of 700 to 1,000 square feet. This is not a very large area in which to raise a family and it is hardly the environment in which most people would wish to bring up their children. It is, as a friend of mine said to me the other day, almost an automatic form of birth control.

The government states one of the objectives of this bill is a greater diversion of mortgage funds into low and moderately priced housing. This is a very well worthwhile objective, but the bill does not spell out how this will be accomplished. Perhaps the Minister of State for Urban Affairs is correct when he states that legislation can be introduced requiring Canadian institutions to direct a certain percentage of their funds to this type of housing. But, honourable senators, we must bear in mind that a great deal of our mortgage funding originates in foreign countries and they will not be legislated by any Canadian laws.

It is interesting to learn that the additional funds directed by this bill will provide for 22,000 to 25,000 homes per year, which cannot be considered a full solution to Canadian housing needs. It is all very well to provide a high ratio mortgage for an individual, but I would point out that the person who has taken out a 95 per cent mortgage has for all intents and purposes limited the amount of credit available to him for other requirements, such as appliances for the home.

I note that the bill does not provide any description of a minimum requirement for the home, either in size or materials. It also does not state whether the home shall contain certain appliances, such as a stove and a refrigerator. Some of the provinces of Canada have laid down rules

and regulations in this regard, and I believe that we should have a uniform standard throughout Canada.

The extension of assisted home ownership to the private enterprise field as well as the public field indicates that the government has more faith in private developers than it has in its own crown corporation for the development of public housing. I would point out that one of the great drawbacks in the past with regard to public assisted home ownership has been the amount of time that it requires to complete an application. An individual moving into a new city and attempting to purchase a home under the assisted home ownership program finds himself filling forms for anywhere from six months to eight months. At the end of that time, most have become discouraged and have purchased a trailer.

The requirement for at least one child has been removed from the assisted home ownership program, as mentioned by Senator McIlraith. However, we have an increasing number of families known as one-parent families. Such families are not included under the provisions of this bill. A single parent can be a woman who is divorced, separated or widowed, with one or two children, or, indeed, it can be the male partner of the marriage who is usually considered to be the wage earner. Those people, because of the fact that they are single parents, need more assistance than others in purchasing a home.

● (1740)

Assistance for home acquisition takes two forms. There is a grant to a maximum of \$750 per annum for a couple with children, in order to keep their so-called PIT payments to 25 per cent of the family income. Others will receive assistance in the form of a repayable loan designed to reduce the mortgage rate from the prevailing interest rate to an effective rate of 8 per cent. The loan will be interest-free for a period of five years. At the end of the five-year period the loan has to be repaid or refinanced at the going mortgage rate.

I should add, honourable senators, that if the house is sold before five years, the interest-reducing loan is payable in full on the date of the sale of the house. If that particular house is sold at the end of three years, the purchaser is not eligible for the assistance provided under this bill. It applies only to the first purchase, or so-called acquisition, of a house. I wonder what effect this will have on the resale of a house, because if the program is worthwhile it is obvious that a potential purchaser will want a new home rather than one that is three years old, in order to obtain the benefits of the program.

I find also an obvious conflict between the principle of the repayable loan and the anti-inflation program. If a family is unable to afford a home in view of today's costs and the state of the family income, how can we expect that family to meet an increased PIT in five years, or indeed less, when the salary increase is limited by the anti-inflation guidelines?

The situation in this case is further aggravated by the fact that the amount of the loan is reduced each year by one-fifth or \$20 per month. If salary increases are limited, and the cost of food, utilities and municipal taxes are uncontrolled, many homeowners will regret their purchase of a home under this plan.

[Senator Phillips.]

Those considering purchasing a home under these proposals should recall the ad that was widely distributed throughout the United States during the last couple of years asking, "Would you buy a used car from this man?"

During the first years of a mortgage, especially those with an extended amortization period of 30 or 40 years, very little is paid on the principal. Most of the payments go toward interest. At the end of a five-year period, when an individual goes to refinance a mortgage—say, one of \$45,000—he could easily find that he faces a mortgage of \$48,000 at a much higher rate. About all this clause of the bill does, honourable senators, by providing interest-free loans, is to delay and extend the time the home purchaser will spend in financial purgatory.

A further question that must be asked concerning refinancing at the end of the five-year period is: Where will the individual find mortgage financing for an amount greater than the appraised value of the home? I consider the bill to be very deficient in this regard, in that it makes no provision to guarantee refinancing, even at a higher rate, at the expiry of the original five-year period. I should like honourable senators to give consideration to that fact.

Rent controls are being requested from the provinces in conjunction with this bill and the anti-inflation program. Apartment buildings for rental in the past have not been as profitable as many people believe. The real profit has been the appreciation, or increase, in the value of the buildings. Now, because cost of construction has become so high, so enormous, builders are beginning to ask themselves if they can expect any appreciation in the future. If we go too far in asking for controls, we are liable to find ourselves very much in the situation the former Government of British Columbia found itself, and in which many developers left the province.

The bill provides for loans on rental accommodation. This could create a very special problem on repayment. The owner of a 100-unit apartment building who received the maximum subsidy could owe \$3 million at the end of a 25-year period, which would likely be more than the value of the building. About the only advice I could give the individual in that case would be to let CMHC take it back, and I think CMHC will find itself repossessing a good many of these buildings in 10 or 15 years' time.

The reorganization of the board of directors of the Central Mortgage and Housing Corporation, in effect, places it more directly under the control of the Minister of State for Urban Affairs. I believe we should take a very close look at that change in the act and its desirability.

Recently, the board of directors of Air Canada received a great deal of criticism in the Estey report. Honourable senators will recall that the position of President of Air Canada was reduced to the point where the President was president in title only. I believe this bill will bring about the same result in relation to the President of the Central Mortgage and Housing Corporation. Whoever accepts the position of President of CMHC should be ready for a sudden retirement, because in two or three years' time he will become the scapegoat for the failure of this program.

Senator Grosart: Honourable senators, before I speak on second reading, I wonder if the Leader of the Government would indicate to us what time program he has in mind for

the disposition of this bill by the Senate. The reason I ask that question is that we are approaching 6 o'clock, and there has been a suggestion by the sponsor of the bill that it might go to Committee of the Whole.

Is it his thought that we carry on right through, which might keep us here until 7 or 8 o'clock, or has he in mind that the Senate will adjourn at the usual time of 6 o'clock, and then carry on with whatever we have to do in connection with the bill after that?

Senator Perrault: If it is the wish of honourable senators to carry on, we will do so. I understand that the minister responsible for this legislation in the other place is in the gallery, and is ready to assist us with clarification of any of the clauses of this bill should we desire to proceed with it now.

If it is the desire of the house to adjourn now to resume at 8 o'clock, that, too, is a consideration. Perhaps the Deputy Leader of the Opposition could express his wishes in this regard.

Senator Grosart: Honourable senators, I have no strong view on the matter at the moment. We on this side of the house are, of course, prepared to do all we can to expedite the passage of the bill, being aware of certain urgencies which have been expressed by the minister in the other place and at other times.

Perhaps I could ask a supplementary question. Would it be possible for us to have the bill as passed by the House of Commons before us before going very much further in our discussion? I do not have a copy of the bill as passed by the House of Commons before me.

I ask that question, of course, because the other place dealt with this bill and disposed of it, as far as they are concerned, only an hour or so ago, and we have no way of knowing at this time whether there were any amendments. We do not have the bill as passed by the House of Commons, which is our normal procedure.

Senator McIlraith: Honourable senators, perhaps I could clarify that point. The bill we have, as presented on first reading, is the bill as passed by the House of Commons. It has one virtue in that it has the explanatory notes, and that is a rather pleasing virtue as far as I am concerned. In any event, there were no amendments made to the bill by the House of Commons.

With respect to his second question, unless the Deputy Leader of the Opposition or any honourable senator has other views, I would prefer to continue.

Senator Grosart: Perhaps at the conclusion of my remarks we might deal with that, and the Leader of the Government or the sponsor of the bill can make a suggestion as to our next step.

Honourable senators, while adding a few comments to the excellent analysis of the bill given by Senator Phillips, I shall be raising a few points in a rather general way which honourable senators might want to deal with when we are in Committee of the Whole and are considering clause 1, on the principle, and the other clauses *seriatim*.

The reason I put these points before the Senate at this particular time is that I think it is important that they be on the record, Senate *Hansard*, and not merely on the record of the proceedings of the Committee of the Whole.

● (1750)

This is a very important bill, though to some extent it may well be an indication of some rather serious shortcomings in previous attempts to deal with this serious problem of housing shortage, particularly for low income and moderate income families.

There have been many bills and programs proposed at all levels of government, and to date they have not achieved any great success, and certainly this bill indicates that the federal government is now aware that it has to do something much more positive than it has done in the past. Whether or not this bill will live up to those expectations, I do not know.

There are reasons why one may have serious doubts about that, particularly in view of the lack of success that has accompanied previous attempts of the government to deal with this problem. The fact remains that at the present time over 800,000 Canadian families are spending more than 25 per cent of their income on shelter. The minister has said that approximately 280,000 Canadian families are spending over 50 per cent of the family income on providing themselves with shelter. This does not indicate a very successful approach to the problem up to this time.

The bill does recognize that there are special cases, other than the mere income cases, which have to be dealt with. There are no clear indications in the bill as to how the special cases will be dealt with. However, we have been told by the minister and others that the generalities of the bill will permit the government, and its agencies, to proceed in due course to a solution of such problems as those concerning senior citizens, the socially and economically deprived and handicapped persons, particularly handicapped native Canadians.

I shall perhaps go beyond speaking on the principle of the bill at this time because it is very difficult to discover what that principle is. It can be said that it is to provide more homes. We have been told by the minister that the hope is that the provisions of this bill will make possible the construction of some one million new units in Canada in the next four years. We are still uncertain as to whether or not the target for this year of 210,000 dwelling units will be reached. Here again the minister says he is optimistic. The predictions in the past have not been that good, but we can hope that the goals will be reached at least this year.

Throughout the discussion of this bill, and particularly the government's representations in regard to it, the phrase "moderately priced homes" has been repeated over and over again. A brief examination of the bill and some of the discussions that have taken place on it, finds me unable to define for myself the phrase "moderately priced homes."

The bill has loan ceilings, and ceilings on the price of the house that can be assisted by the provisions of this bill. It seems to me, in the cases where there are specific numbers, the ceiling is so close to, and in some cases below, the actual price at which a house can be obtained, that many of the provisions of this bill will be completely inoperative for those who need it the most. The point made by Senator Phillips—and I hope if and when the minister comes before us he will give us some assurance in this regard—was

whether there is any room between the ceilings that will be imposed as a result of the bill and the regulations under it, and the actual practical cost at which a dwelling unit of one kind or another can be obtained.

The bill makes it clear that one of its objectives is to increase the percentage of federal funding and, therefore, the construction of public housing, yet the figures I have indicate that that percentage has actually been declining recently in spite of the programs that we have discussed here and which have been passed by Parliament. The figure for 1970 was 24.3 per cent; 1972, 37.3 per cent; and 1974, 19.2 per cent—a substantial drop. I hope the minister will be able to tell us what happened there, and why, and what are the prospects of improving the situation in years ahead.

There is also the question of a possible conflict here with the government's intention to achieve amelioration of inflation by certain controls. There is some indication that the bill itself, in the home-owner and rental areas, may actually be working against those controls. It is obvious that some of the subsidies—that is the word used by the minister, whether he was referring to loans, or interest on the loans or grants—may themselves become highly inflationary. We are told also that there will be funds reserved as a result of the implementation of the provisions of this bill for further government intervention in the housing market. I have seen no explanation of that, and again trust that we will have this information before we are asked to pass this bill on third reading.

There is room for confusion in some of the wording of the bill, which seems to provide for certain benefits on the acquisition of existing homes. My understanding is, although it is not in the bill, that it is merely enabling, but certainly it has created the impression around the country—this is clause 4 of the bill—that it will provide for the extension of benefits to the acquisition of existing homes.

I am not sure at the present time whether we have an indication of the capital cost which will be involved in this bill. I think it is most important that we have either that budget, which I presume is subject to Treasury Board approval, or at least a better indication than we have had so far of the total level of new federal expenditures that are involved.

There is also the question of not merely the quantity of new dwelling units, which is in itself very important, but also the quality. There are indications in the provisions of the bill that it may actually work against quality rather than in favour of quality. The minister, in speeches in other places, has said that the ministry and those responsible for the administration of the bill when it becomes an act will pay great attention to this.

● (1800)

This is of the utmost importance because, if there is not an adequate level of quality control in the administration of the bill when it becomes law, we shall have slums. Indeed, there is indication already that some of the government-funded housing throughout the country is coming close to the slum level. I think there is a danger of this in respect to the principle of this bill, because it aims to make sure that the kind of dwelling funded either for acquisition or rental under the bill will be moderate housing, and properly so described, but then there are restrictions which

would tend to have an adverse effect on the quality of the housing.

For example, there are density restrictions—not the environmental type of restriction which prohibits the loading of houses one upon the other or back to back, with no proper frontages, and so on. Quite the contrary. This bill actually encourages density because it says, for example, that one acre of land must have so many houses on it, and from some of the arithmetic which has been given it would seem to me that it is unlikely that any of these new houses, either separate dwellings or other types of dwelling, will have more than about a 30-foot frontage, although someone suggested they would have a 40-foot frontage. Well, when you consider the general requirements of a driveway and garage, there seems to be a great danger here that the housing which may develop under the provisions of this bill, far from being good housing, will be bad housing.

Another problem seems to arise in connection with the resale provisions of this bill. It has been suggested that there is potential for a rip-off, because under the AHOP resale provisions the interest-free benefit is retained in the case of the sale of a dwelling by the owner, even though he may make a large capital gain on an investment, part of which has been provided by the public. From the preceding discussions I am unaware whether it is possible to do anything about that or not, but, personally, I am certainly not satisfied with the negative replies which have been given, and I would hope that in due course measures will be taken to prevent any so-called rip-off. Admittedly, the provisions of the bill in this respect are limited to a single sale. Nevertheless, it is an area in which the benefit from the acceptance of public funds could be quite substantial.

Having said that much, honourable senators, may I add that I realize that the bill before us is largely of an enabling nature, and therefore lacks precision with respect to what that enabling authority will be if it is passed by Parliament.

In due course, either in committee or on third reading, I assume we will be given rather more specific information than we have had so far with respect to the consequences of this bill. What will its actual results be? It is just not enough to say that it is hoped that the bill will result in the building of a million houses in four years. What kind of houses? What quality of houses? For whom will they be built?

I, for one, would like to see a fairly detailed breakdown of the persons in the various levels of Canadian society who are most likely to be benefited by the large expenditures—either on a grant basis or a loan basis—which will result from this bill.

Senator McIlraith: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator McIlraith speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator McIlraith: Honourable senators, my remarks will be brief. I wish to thank honourable senators for their contributions to the debate on second reading.

I note Senator Grosart's desire for further and fuller information on certain aspects of the bill. It is my view that it would be better for the minister to give, in commit-

tee, detailed information as to anticipated results from the provisions of the bill, than for me to attempt to give it at the second reading stage. Normally, of course—certainly, at other times when I have ministerial authority—I should have preferred to give the information myself on second reading. I hope Senator Grosart understands that.

Further, I hope the pessimism he displayed in some parts of his remarks tonight will pass with the more cheerful season we are now approaching, and that it will not be justified in any way by the results. I hope, when he has occasion to look back on this bill, he will decide that at this stage he was wrong in being so pessimistic, and will tell us how the bill actually exceeded his expectations.

There is one point of interest which I should have mentioned in my earlier remarks, and which Senator Grosart touched upon in his, namely, the target this year of 210,000 housing and dwelling units. That figure should be exceeded by the end of December—in other words, in another 12 days—so that the promise that it will be exceeded is pretty firm, and I am happy to have that item of good news for honourable senators. I have nothing further to add at this time.

Senator Grosart: Perhaps the sponsor of the bill will allow me to say that if I appeared overpessimistic, it was only because I am aware that every cloud has a Barney Danson.

Motion agreed to and bill read second time.

CONSIDERED IN COMMITTEE OF THE WHOLE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator McIlraith: Honourable senators, as I indicated earlier, I propose asking the Senate to commit the bill to a Committee of the Whole, and, in accordance with rule 18, I would ask that the Senate invite the minister to come into the chamber to answer questions, if it agrees to so commit the bill.

Therefore, I move, seconded by the Honourable Senator Perrault, P.C., that the bill be committed to a Committee of the Whole presently.

Motion agreed to.

● (1810)

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Senator Macnaughton, P.C. in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Barney Danson, P.C., the Minister of State for Urban Affairs, was escorted to a seat in the Senate chamber.

The Chairman: Honourable senators, we have Bill C-77 before us. I should like to point out that several clauses are subdivided into three, four and five parts. For the record, may I suggest that when we discuss a clause we take the subclauses *seriatim*. It is usual, of course, to postpone discussion of the title until all clauses of the bill have been accepted.

May I now welcome on your behalf the Minister of State for Urban Affairs, the Honourable Barney Danson.

I refer now to clause 1. Shall clause 1 carry?

Senator Grosart: I think it is customary, Mr. Chairman, to hold clause 1 until we have gone through the other clauses. Perhaps I should say also that it is customary to discuss the bill with the minister first. I am wondering if the minister was in the gallery when Senator Phillips and I spoke.

Senator Perrault: He would not be able to take notes in the gallery.

Hon. Barney Danson (Minister of State for Urban Affairs): Yes, Mr. Chairman, I was.

Senator Grosart: Then, I suggest that the minister might reply to some of the questions that were raised, at any point he wishes, as we go through the bill. It is very difficult to relate them specifically to clauses, but I will try to do that as we go along.

Senator Phillips: Mr. Chairman, in view of the fact that the minister was unable to make notes in the gallery, perhaps we could direct our questions to him before we start the clause-by-clause study. Would that be acceptable to the committee?

The Chairman: Do honourable senators agree to this mode of procedure?

Hon. Senators: Agreed.

The Chairman: Mr. Minister, have you an opening statement?

Hon. Mr. Danson: Yes, Mr. Chairman.

Honourable senators, I listened with interest to the debate on second reading. The questions raised were of special interest to me. I hope I can recall each of them, but if not I am sure you will draw them to my attention.

The first question raised, if I recall correctly, was in connection with the inflationary effect of some of these measures. It was suggested that they might actually increase the cost of housing. This has not been our experience, I must say. Indeed, when I first came into this job just about a year ago—and I believe I was speaking here in Committee of the Whole at that very time—people were saying that the price limits we had put on houses were not realistic. They said they could not buy houses at those prices. And, indeed, they could not. On the other hand, builders were saying that they could not build houses at those prices. But they were wrong. When the mortgage market tightened up and the only mortgage money available was through these programs, the builders soon found that they could build houses, and quite good houses at that.

Senator Phillips asked about the quality of this housing. We found it to be quite good. The houses are built to NHA standards, which are very high, and are subject to NHA inspection. Their design is surprisingly good. Sometimes I am almost embarrassed when I notice the quality of some of the housing we are assisting with. Just last week in Saint John, New Brunswick, I saw semi-detached homes built under the AHOP program. Any of us would be proud to live in them. And here in Ottawa I noticed an advertisement in the *Citizen* for high rise condominiums which came within the price range of our AHOP program. Some

of the two-storey condominiums were not eligible under the terms of our program, but single storey condominiums in the same building were. To see the advertisement showing pretty girls playing tennis and men relaxing in the sauna bath, and men and women sitting around the swimming pool, you would think that it was a country club that was being subsidized. We are endeavouring to reach agreement with the provinces and independent agencies to guarantee by way of a warranty scheme a high degree of quality.

The question of density was raised. This is an important matter. We are encouraging higher density. We are facing what is now a fact of life in our major cities across the country today, that the high cost of land, to which I believe Senator Phillips referred, is making it quite impossible for a young couple starting off in life to have their own home on a single family lot. These homes are expensive today, and we would be misleading people if we were to hold that out as a dream or even as an expectation.

We had reached the stage in our society where even newly married couples felt it was their right to own their own home on a single family lot wherever they wanted to live. That is just not possible. It is not realistic. Expectations had been increasing all along and until a very short time ago people were able to achieve those expectations because of inflation. This situation continued on and on. People made a small down payment and thought that their first home should be as good or better than the one they lived in with their parents, that they should have three or four bedrooms, two bathrooms, a finished recreation room with a chrome bar, a push-button kitchen, and even an extra car in the garage and an extra television set upstairs. And, of course, they also wanted to wear good clothes and take vacations. This was all very wonderful but it was not realistic, and I think most of us realized it. So, instead of trying to fulfill expectations we are endeavouring to look after needs.

There is a feature here which I think is unique. Under these new initiatives the assistance is in the form of a loan, except for those who really cannot afford it, in which case there is an additional grant. People say, "But this is not what we expect of governments. We expect governments to give things away." Well, we are saying something different here. We are saying, "Your fellow taxpayer is going to help you when you need help, and when you can afford to pay it back you will pay it back." That is rather a novel idea in these times, and one that we have to get used to and one that young people especially will get used to. The interesting part of it is that I have not found any resistance to this. I have gone across the country from coast to coast and I have spoken to young people and I have asked about their expectations and about these luxurious homes which many were able to get in the past but which they cannot get now. Many of them said, "If they were available we would be happy to get in on the action, but we want a decent place we can afford so that we can get a stake in the community and start raising a family."

● (1820)

There is another interesting point to which some honourable senators referred. Certain provisions of this bill are extended to two-person families, whereas previously there had to be at least one child in the family. That left out

[Hon. Mr. Danson.]

couples who wanted to work and establish a home before they started their family. Now, a two-person household is open to various interpretations. There are various family associations in society today, but generally the provisions of this bill are to enable a young family to establish a home. You may also have a single person with a parent or a handicapped brother or sister. You may also have the single parent family. I believe this is one of the questions raised.

The question of design is an interesting one because of Senator Grosart's particular reference to "instant slums", and that is something that concerns me very much. We have established a target of a million starts in the next four years, and, like Senator Grosart, I would not like to look back and say, "I was minister at the time that commitment was made, and look at what we built." So, we are very concerned about design standards. Central Mortgage and Housing have always had impressive design awards. I presided at the presentation of those awards last year, and we were all impressed with the designs—beautiful ranch homes on Grouse Mountain, lovely places on the Bay of Fundy, but they were not the type of homes that we were, in the main, assisting. So, all our design awards now are going to be directed to the type of housing which we support. This is to ensure that we shall have good design and very good quality.

Returning to the question of density, which I started to deal with earlier, in the main parts of a city, as Senator Phillips indicated, we were talking about stacked town housing and, in some cases, medium-rise condominiums. The same applies to rental accommodation. There are some good housing forms. It was suggested that this was a form of enforced birth control. I can only comment on that by saying that my first home was a 700 square foot bungalow with two bedrooms, a recreation room, and a very small bathroom, which would be termed a powder room today. I was very pleased. We had a card table and four chairs and I was so proud that my wife cried. But with that enforced birth control we managed to produce four healthy sons. Somehow where there is a will there is a way. We got started in that home with a \$1,300 army re-establishment credit and \$700 I borrowed from my father and my uncle. Later we traded up and owned two more homes in Toronto before moving to Ottawa. I think this bill is really suited to that sort of expectation.

I hope we are not taking too long, but I should like to deal with what I regard as the overall thrust of the legislation. People speak of a housing crisis. I always say it is not a crisis but that there are critical areas in housing—rental housing, housing for the very poor, housing for native people, and so on. These are the areas to which we have to direct our attention. The marshalling of resources from the private sector relieves the funding normally applied to those families being helped and who are in the middle income range, and leaves the direct funding and the deep subsidies available to those who need that help the most.

One of the advantages I had in coming to this job was that I did not know anything about it. It seemed to me that there were three themes we had to develop: one was a regular steady flow of mortgage funds, instead of the start and stop, on and off sort of market we have so often seen. Another was the steady flow of serviced land. Here I am

not speaking of land pure and simple, but serviced land which is expensive, particularly with today's high interest rates and carrying costs. The third was continuity in the industry itself so that people could plan for a prolonged period of time and gear up an industry so that it would operate at its greatest degree of efficiency.

So, in so far as funding is concerned, in addition to our increasing budget year after year we have asked private lenders to increase their lending in this area of moderately priced housing, and moderate density housing, to add \$750 million on top of the sum of \$7 billion that they normally put into this market. Now, people say that we should force them and legislate them, and we are prepared to do that if it is necessary. However, we have never found, at least at any time that I can remember, that when the government has indicated their wishes in this regard they have not been responded to. Indeed, in our discussions with the lenders, prior to this legislation, they were prepared to become involved. But this is a way of quantifying the amount needed, and we will have a mortgage monitoring committee to work with them.

So, the normal investment and borrowing patterns are respected. Banks are different from insurance companies, and insurance companies are different from trust companies, and trust companies are different from caisses populaires, and even within those categories they have different ways of lending. On the average it is an increase of 14 per cent. Some companies have an outstanding record where they might have 80 per cent or more of their portfolios—and some 90 per cent—in residential mortgages. It might not be realistic for them to go up another 14 per cent, but somebody who has only 40 per cent or 60 per cent may be able to go up 20 per cent. We have had a very encouraging response from the private lenders.

In so far as the regular stream of serviced land is concerned, there are several approaches to that. So much of it is not within our jurisdiction, being in provincial jurisdiction, but we find that perhaps the most basic is the provision of sewage services, which we have had for some time, or sanitary sewers. Last year when I appeared before you when you were dealing with Bill C-46, to amend the National Housing Act, storm sewers were added. Under this legislation we are adding water mains. These are the main trunk services and treatment plants. So, it should be a great encouragement where they get a two-thirds loan at an attractive interest rate and on favourable terms, and for which there is 25 per cent forgiveness. Those are the major factors in getting those services in.

In addition, we have our normal land assembly programs, each complementing the other. But many municipalities have been rather reluctant to approve zoning or building permits for more housing. It just does not pay them. In some cases it is a matter of economics, and in others it is a matter of, "I'm all right Jack, we are here now." They don't have to worry about anybody else. They will service libraries, fire stations schools and other things that have to be added. So, if they put in every one of these units that are approved, even multiple dwellings, and public housing, and not just what we are talking about in this legislation, the non-profit housing, then we say, "We will give you \$1,000 for each unit." This can be pretty

significant. It helps to pay for the services, and in many cities the services already exist.

I was in Windsor the other day and I could see the amount of vacant land within the city limits. Winnipeg is another good example of that. There it is close to the central core. There where you have medium or even high density, a hundred units puts \$100,000 right into the city treasury. It is sort of buckshee for the municipality and is an incentive for them to do that. We are encouraging the provinces, and some provinces are most interested in complementing these sorts of programs.

● (1830)

The third one is the question of continuity. From my own personal business experience I know that if I knew what the size of the market was going to be and how long it was going to be sustained, I could tool up, set up my production, get my personnel organized, and really get my costs down. In that way I could be highly efficient. However, that does not bring prices down; it is competition that brings prices down—unless one is in the dredging business. However, this helps immensely in bringing the economies of scale to bear on the market. Then we will see the marketplace really work. So, after a few years, we hope to see these million new starts—235,000 in the coming year. As Senator McIlraith said, we will exceed the target of 210,000. People think that we should not stay with those targets. Just a few months ago people were urging me to abandon the target of 210,000. But I like targets. I think they are great, but they say that if you fail by even one you are a political failure. I do not think we should let that worry us. Failing is not a great sin; not trying is.

That is what we needed and we stuck with it, and even when it looked bad we met with the provinces. We had five meetings of the federal and provincial housing ministries this year. We also met with the industry. We found ways and we urged them and we squeezed those budgets and transferred money where necessary so that instead of coming to the end of the year as in the past with funds left over to be turned back to the treasury, the money was used up and the targets exceeded.

Honourable senators, I hope I have answered your questions; if not, I will be pleased to elaborate further.

Hon. Senators: Hear, hear!

Senator Phillips: Honourable senators, I have several questions listed and I believe that in the rather lengthy dissertation of the minister he touched on one. If I may, I will bring him back more specifically to the points. One question I raised in my earlier remarks referred to the standard of the housing. Are corridors to be a certain width? Are certain basic appliances included with the house? Must the living room have broadloom or may it be hardwood? Could we have some clarification as to the standards?

Hon. Mr. Danson: Yes, sir. Our building standards are the National Housing Act standards, which deal with construction quality and not with appliances or furnishings. In the rental accommodation that is something for the landlord to determine. It is provided in our agreements with the landlord that we see the quality of additional services he is supplying and ensure that the rent is consistent with the market, or below the market rates.

Senator Phillips: I also directed a question concerning the exclusion of the so-called single parent. I know that the minister touched briefly on this, but I did not get the point of his remarks. Would he elaborate on why a single parent is excluded?

Hon. Mr. Danson: A single-parent family is included in this legislation, where it was not previously. It is a two-person household, to particularly apply to the young married couple, but it also applies to the single parent. Normally it is the single-parent family, or the young family starting up.

Senator Phillips: I am pleased to receive the minister's answer. I have a further, probably two-part question. Why do the so-called subsidies apply only to the acquisition or first purchase of a house? Secondly, is there any indication of when AHOP will apply to existing houses?

Hon. Mr. Danson: Senator Phillips, the reason for it applying only to the first home is that we feel that people who have owned a home previously have had a stake in the housing market and have thus benefited from the inflationary effects. It is those who are starting for the first time who are having the most difficulties. The other point, as far as existing housing is concerned, is that we would like the provisions of the bill to apply as soon as the market is stabilized—as soon as there is a sufficient supply and sufficient funding available. When we are convinced that all the funding necessary is going into new housing to increase supply, which is our fundamental response, we can look at the situation to see whether budgets, cash flow and availability of mortgage funds will permit the inclusion of existing housing. It is socially just as good for a family, and sometimes better for a community, to recognize that. When I first came on the job, AHOP, which had been introduced by my predecessor, was always available to both types, but some 60 per cent of the funding was going into existing housing, and this was not getting to the root of the problem. So, on the advice of my officials I cancelled that and just made it available for new housing. We started to increase supply, but, almost more importantly, we got the building industry turned around so that they were thinking in terms of quality, size and price of housing, and they have done this remarkably well.

Senator Phillips: During my remarks on second reading, I expressed concern regarding the position of the person who has purchased a home, receiving both the grant and the interest-free loan, when it comes to refinancing in five years' time. I indicated that it is quite possible for him to require a mortgage greater than the original cost of the home. I also expressed concern regarding the availability of funds and whether he receives any guarantee that funds will be available for refinancing at the end of the five-year period.

Hon. Mr. Danson: Senator, in my experience and that of my advisers, the question of refinancing has never been a great problem in the normal mortgage market. I heard that part of your speech. I now understand the point was the accumulated debt. Obviously, you know the legislation pretty well because of the distinction between those who are also receiving the grant. In normal circumstances that amount of assistance reduces by 20 per cent per year, or, where there is the grant as well, that would reduce a maximum of \$20 per month, but never more than 25 per

[Hon. Mr. Danson.]

cent of the person's income. It is not intended upon refinancing that they should pay off the loan portion. If they finance upwards, indeed, then they must pay it back. That is the time at which it must be paid back, but their indebtedness would not be that great. I would have to make some calculations and I am sure we can do them rather quickly. I do not think we could reach a situation—but I had better be sure of what I am saying—where the increased indebtedness would not be compensated for by the principal payments that have been made of the forgivable portion of their grant, which is non-repayable. I am saying that as a guess, but we can do some calculations and give you a more precise answer in a few moments.

• (1840)

Senator Macdonald: Mr. Chairman, before leaving clause 1, may I refer to subsection (4), on page 2, which says:

No contribution or loan may be made—

And so forth. Does that mean the cost of the land and dwelling, or those costs plus legal costs, appraisal fees, and so on?

Hon. Mr. Danson: I am sorry, I did not fully hear.

Senator Macdonald: I refer you to page 2 of the bill, subsection (4). I was wondering what is meant by the provision:

No contribution or loan may be made pursuant to this section unless such limits as to costs—

And so on. I was wondering what those costs include.

Hon. Mr. Danson: We are referring there to the house price limit, which varies from city to city and region to region, and which we adjusted just last week. That refers to the cost of the house, which we follow rather carefully and adjust from time to time as market conditions change.

Senator Macdonald: Does it include legal, appraisal, fire insurance, loan insurance, and other costs, as well as the cost of the home?

Hon. Mr. Danson: It is the net cost of the house. The additional costs of the transaction are not included in that, although we hoped they would be or could be.

Senator Williams: I would like to ask the minister to clarify a point. He has several times used the phrase "construction quality." I am not sure in my own mind how to apply this. My own province, British Columbia, is known for the production of lumber and forestry materials. "Construction quality" means to me good workmanship in putting together the material that builds a house. That material could be what they used to call in British Columbia "D" grade, which is possibly the lowest type of material from the mills, and so on.

When you say "construction quality," what does that mean? I have reason to ask that question because a lot of the "D" grade material finds its way into the hands of contractors who build Indian homes.

Hon. Mr. Danson: That would be something that the CMHC inspectors would watch very carefully. It is not only the workmanship, but also the quality of the material. There is a wide variety of material. In British Columbia it is largely wood, with which you can get attractive designs and good economies. In Toronto, where I come from, it

would be brick. The material varies. It has to be the quality of the material and the workmanship itself, which is extremely important. That is one of the reasons for the inspection, to ensure that a purchaser would not be stuck with substandard material. That is watched exceedingly carefully. We must bear in mind that a wide variety of material is used across the country. I have seen log housing in the Northwest Territories that is first rate, but that is quite different from what one would find in, say, Toronto or Ottawa.

The Chairman: Clause 1.

Senator Grosart: Mr. Chairman, this is the clause dealing with rental programs. It seems to me that this is very much related to the programs of rental controls in the provinces, and because there is a built-in rental control by CMHC we will have two systems of rental controls. To what extent will they conflict? If they do conflict, which rental control program will take priority?

Hon. Mr. Danson: There are two factors which apply there. I do not know if any of the provincial systems will apply their controls to new housing. Most of them will exclude that housing in which we participate and where we have a rental agreement. That is not absolutely certain. Sometimes a province might choose to go that route. It does not appear that they will want to duplicate.

Senator Grosart: What was the reason for moving away from the grant approach to the loan approach?

Hon. Mr. Danson: It gives us tremendous leverage—well, that is not precisely correct. They are going to private funding, because there is greater leverage for the minimum amount of taxpayers' dollars. Many people need assistance, and it is quite a heavy drain on the treasury. Ultimately their incomes may improve, or their equity increase, and if they sell at a profit it did not seem fair that they should profit from a windfall, if it were that, or a capital gain, after they received assistance from their fellow taxpayers. If they refinance upwards, or sell upwards, at a profit, they must pay back their loan.

It is helping people get in, and recycling that money back to the treasury so that it can be used to help more people. We have taken off the income limits, which makes a big difference. People who can quite well afford to pay it back may have a little difficulty in the beginning, but they should really pay it back.

Senator Grosart: Is the main purpose the recovery of the benefit to the Consolidated Revenue Fund or CMHC?

Hon. Mr. Danson: That would be the main purpose—to be reused. I have deep feelings about this, and it is one expressed in many quarters. As I alluded in my earlier remarks, governments should not constantly be giving money away. We should help people when they need help, and they should be prepared to pay back the money to their fellow taxpayers when they can. It may be old fashioned, but it seems to work, and we should do more of it.

Senator Grosart: There is a time limit on the loans—a time for pay-back. How would that work, in the circumstances, under clause 1?

Hon. Mr. Danson: Are you referring to clause 1, to home ownership?

Senator Grosart: No, the rental. After the support period there is to be repayment of the loan. There is a limited support period in respect of the loan. What is that period?

Hon. Mr. Danson: It could be up to about 15 years, and it could be as short as five years. It will probably average closer to 10 years in the rental field. That interest accrues and it is then paid off when the entrepreneur refinances, if that is the case. He either pays it off or re-amortizes it, and there is new financing. He is then free of the agreement with the corporation. We hope and expect by that time that we shall have a much greater supply of rental accommodation on the market.

Senator Grosart: But the interest does not accumulate until after the support period; is that correct?

Hon. Mr. Danson: That is correct, in the rental situation.

The Chairman: Clause 1. Shall clause 1 carry?

Hon. Senators: Carried.

The Chairman: Clause 2.

Senator Grosart: Under clause 2, perhaps the minister would indicate—because this deals with the increase in direct lending, and other lending, from \$12 billion to \$14.5 billion in respect to CMHC—the estimated total cost of the benefits under the bill year by year?

Hon. Mr. Danson: I will have to obtain those figures.

Senator Grosart: Have you the total figures, say, for the first year? There was a figure of \$131 million mentioned. Is that the figure?

● (1850)

Hon. Mr. Danson: I shall have to check that, because we are talking of a budget for last year of \$1.62 billion, which will be increased this year, but there are several components involved. In relation to housing initiatives, it would be about \$212.5 million.

Senator Grosart: That is for the first fiscal year?

Hon. Mr. Danson: That is the amount we are projecting for 1976. The actual expenditure, then, for 1976 is something in the order of \$6 million, going to approximately \$27.5 million in 1977 and \$47.6 million in 1978. It then starts to decline as repayments begin to come in.

Senator Grosart: I was not really asking about the total commitment; I was asking about the total cost. If these are interest-free loans, and so forth, what is the program under this bill going to cost?

Hon. Mr. Danson: The cost of interest-free loans, starting in 1976, is \$5.8 million; in 1977, \$27.6 million; in 1978, \$47.6 million; in 1979, \$45.8 million, and in 1980, \$33.9 million. Those figures relate to the assisted rental and the assisted home ownership programs.

Senator Grosart: How long is the new ceiling of \$14.5 million expected to last?

Hon. Mr. Danson: Until 1978.

Senator Grosart: A period of three years?

Hon. Mr. Danson: Yes, that is correct.

Senator Grosart: That is becoming a familiar term around here.

Senator Bourget: Mr. Minister, how do you arrive at the cost of a building? Is it on a square footage basis, or do you make a complete and detailed estimate of the cost of the house, or have you a standard price, depending upon the quality of the house?

Hon. Mr. Danson: It is a detailed appraisal by our appraisers. It does, of course, vary with the market conditions of each locale. The top limit under the assisted home ownership program is \$47,000, which is in effect in Vancouver and Toronto, and it goes down to a low of about \$28,000. That may be up to \$33,000 in some parts of the country.

Senator Bourget: What is the average square footage cost of a house coming under this program?

Hon. Mr. Danson: It is in the range of \$25, exclusive of land costs.

The Chairman: Shall clause 2 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 3 carry?

Senator Macdonald: The proposed subsection 34.15(3) under clause 3 of the bill reads:

Loans may be made under the authority of this section only in respect of family housing units not exceeding such cost as may be prescribed by the Corporation—

I expect that the cost prescribed by the corporation will vary from province to province, and I am wondering whether it varies within the province. I am particularly interested in the province of Nova Scotia, and whether there is one cost province-wide or whether it is divided into regions and, if so, what are those regions?

Hon. Mr. Danson: It is divided not only into provinces, but into regions within the provinces, and the prescribed cost does vary. The figure for the assisted home ownership program in Halifax is now \$38,500. Up until last week it was \$36,000.

Senator Macdonald: Do you have the figure for Sydney?

Hon. Mr. Danson: Yes, Sydney is \$34,000 as opposed to \$38,500 for Halifax. The difference would be in the cost of the land. This is a very interesting thing too, because you can probably provide a more attractive house with that money in Sydney than in Halifax, and the attraction of Sydney itself would help too.

Senator Bourget: I wonder if there is a table showing the price by provinces? I do not want you to read it, but perhaps you could file it so that the figures will be on record.

Hon. Mr. Danson: Yes, we can file a paper with that breakdown. That might be helpful.

Senator Grosart: On this clause dealing with AHOP, the minister might discuss with us briefly the question of the relationship between these loan ceilings and the average prices of houses.

Hon. Mr. Danson: Yes. The average price of housing takes into account high priced housing, of course. What we are talking about is moderately priced housing. There is no such thing as low cost housing today, not according to the basic standards we consider reasonable. It is low cost to

[Senator Grosart.]

people who are subsidized to build it. We are looking at the low end of the market where, generally speaking, the average income of the people who have benefited from the assisted home ownership program is in the range of \$10,000, or slightly below \$10,000, per year. It has been as high as \$17,000 in centres like Vancouver and Toronto. We expect the average will increase under this new program because the limit is off. We are trying to encourage people to buy. We are looking at supply and demand. We want them to accept good housing that is modestly priced, and increase the stock of that.

Indeed, I expect we will be criticized because there will be a picture of one of our AHOP houses with a Rolls Royce in front of it one of these days. As someone suggested, you see pictures of council houses in England with a Jaguar in front of them. That should not disturb us too much. The advertising will indicate that a person can live in the same sort of house, and it will not have the word "poor" in it.

Of course, if that became an abuse, we would have to look at it. If there were people who could not move into low cost housing because wealthy people were taking it, I think we would want to take a very good look at that. I look forward to the socio-economic intermix that has been lacking in some of our developments in the past, and which may lead to some of the very concerns, Senator Grosart, which you expressed in your remarks.

Senator Grosart: Now that CMHC has the authority for the first time to set these local limits, how often will they be set, and will they be published? How are people to know in advance, if they are planning to purchase a house with a loan?

Hon. Mr. Danson: We watch this constantly, and we do a major review about twice a year, but it depends on market conditions. Indeed, last week some limits changed rather dramatically, and others did not change at all. None increased by more than 10 per cent; some went up by 2 per cent. We also have to watch the Anti-Inflation Board, because they keep an eye on us too.

The Chairman: Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Clause 4?

Senator Grosart: Clause 4 authorizes CMHC to make interest-free loans to people who buy homes as distinct from clause 1 which deals with rentals. I would be interested in knowing about the pay-back conditions in relation to this clause. Homes can be financed by approved lenders, provincial agencies or CMHC. Do I understand correctly that it is to be paid back at the end of five years? Is it to be paid back at the end of five years, or when the home is sold or refinanced? What is the purpose of the five-year clause?

Hon. Mr. Danson: That is when the meter starts ticking and interest is payable. In the first five years we ask that they reduce each year automatically.

• (1900)

The amount of loan assistance will be reduced by 20 per cent, or by a maximum of \$20 at the lower rate. If it then exceeds 25 per cent of income, then they do not have to pay it back at that time. The loan keeps on accruing, but interest does not begin until after the sixth year, but then it is at the current mortgage rate.

The Chairman: Shall clause 4 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 5 carry?

Senator Macdonald: Mr. Chairman, with respect to clause 5, section 34.20, on page 5, states:

A loan made to a cooperative association under this Part—

Is that cooperative association a loose association of people who get together to build, or must it be incorporated under either provincial or federal legislation?

Hon. Mr. Danson: The cooperatives must be legally incorporated, senator. Cooperatives have been very popular, and, indeed, their birthplace is Nova Scotia.

Senator Macdonald: Yes, we have had them for 40 years, I think, in Nova Scotia.

Hon. Mr. Danson: Yes, great assistance has been given there under our direct program, which is a 100 per cent loan at a favoured interest rate, which is currently 8 per cent. Only 90 per cent of it is repayable. For a cooperative to get started, and set up and make its plans, we will give it a grant of up to \$10,000.

Something we encourage is our third sector houses, non-profit houses, which are financed in the same way. This is a type of tenure which we think should be encouraged not only in remote areas, but in the major cities, where, as a matter of fact, we have some major developments. We think it is best handled under a cooperative arrangement.

Senator Macdonald: As I recall it, under the Nova Scotia legislation with respect to the housing cooperative, the downpayment could be the members' own work on the building. Does that apply under this legislation?

Hon. Mr. Danson: Yes. We call that "sweat equity." I guess in this chamber it should be called "perspiration equity." It is included, and it can be counted.

Senator Grosart: Is there an estimate of the cost to the federal government of the grants to reduce the effective interest rate from the market rate? Have you made any estimate of the cost?

Hon. Mr. Danson: I am sorry, Senator Grosart, we do not seem to have that specific information here, although I guess it was part of my earlier answer. I will undertake to get that information for you as quickly as possible.

Senator Grosart: Would it be possible for you to let us have in due course the costs by these various items—the interest-free, the grants and other benefits? I do not want the total of commitments, but simply the cost of the commitments.

Hon. Mr. Danson: I shall undertake to get that information for you, and have it presented to the committee or tabled in the house.

The Chairman: Shall clause 5 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 6 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 7 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 8 carry?

Senator Macdonald: Mr. Chairman, under clause 8, on page 6, the proposed subsection 51(1.1) uses the words, "In order to encourage comprehensive land use . . .". It goes on to provide that a loan may be made to a municipality or to a water supply corporation for the purpose of assisting in the construction of water systems.

Would that apply to a municipality which already has a water supply system that is perhaps getting old, and cannot service all the vacant lots that might be available within the municipality, or does it only apply where there is a large area of vacant land to be serviced?

Hon. Mr. Danson: At this time it is being administered in such a way as to open up new land. What we are trying to do is increase the available stock of serviced land, and that is the way it is being applied.

While I am on my feet I might mention that we have found some of the figures Senator Grosart requested. The budgetary expenditures on the interest reduction grants in 1976 will be \$1.6 million; in 1977, \$5.1 million; in 1978, \$10.1 million; and in 1979, \$14.7 million. This is for the non-profits and cooperatives.

The Chairman: Shall clause 8 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 9 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 10 carry?

Hon. Senators: Carried.

The Chairman: Clause 11.

Senator Macdonald: With regard to clause 11, is the approval of the province required before a loan can be made to a municipality within that province?

Hon. Mr. Danson: Yes. We always have an agreement with the province in respect to dealing with municipalities in this way.

Senator Macdonald: I presume the procedure is that the municipality will get in touch with the proper authorities in the province before making the application.

Hon. Mr. Danson: Yes, that is correct, senator. Indeed, we make certain that it does work that way. It is an important jurisdictional matter.

The Chairman: Shall clause 11 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 12 carry?

Hon. Senators: Carried.

The Chairman: Clause 13.

Senator Grosart: Mr. Chairman, I have a question on clause 13. The question really covers clauses 6 to 13, which are the amendments respecting water and sewerage projects.

There is a provision for an open-ended loan sharing with the provinces. I think this is in clause 12, specifically. Is there an estimate of the cost there? Perhaps we could also have an estimate of the grants and contributions with regard to the sharing of planning. I would just like to ask

you if you would include those figures in those that you gave when you replied to my earlier question.

Hon. Mr. Danson: I am checking to see if we have those figures broken down in that fashion. You are talking about the fifty-fifty cost-sharing of plans as between ourselves and the local authority, whether it is a region, a municipality or a town.

Senator Macdonald: May I refer back to the idea of a loan to a water supply corporation or a municipality to expand the water supply? You mentioned that it might be new land. If the present water supply system is not sufficient to allow for more construction on vacant land within the municipality, and it has to be renewed, could a loan be applied for?

Hon. Mr. Danson: Yes, senator. As a matter of fact, it is intended to cover the expansion of existing water systems as well.

The Chairman: Shall clause 13 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 14 carry?

Hon. Senators: Carried.

The Chairman: Clause 15.

Senator Phillips: I wonder if the minister can give us an indication of how much time the chairman of the board of directors of CMHC will spend at CMHC as opposed to the time he will spend on his other function as a member of the Public Service. To me there seems to be a possibility that CMHC will be downgraded, in that the corporation may become a secondary responsibility of the individual who will be appointed as chairman.

Hon. Mr. Danson: I cannot answer the question precisely, senator, because it is one that the acting secretary of the ministry is asking himself, and one that the president of CMHC is probably asking himself also. Basically, the president would carry on the day-to-day operations of the corporation, and the chairman would be based in the ministry. It could be one day a week, or it might be considerably less. I think this depends on what experience teaches us in this regard. I think it is important that the president of the corporation be the day-to-day operating officer. I do not mean that never the twain shall meet, but I think there have to be distinct responsibilities there—one for the delivery of the program and one for policy development. But, as chairman of the corporation he is also secretary of the ministry, and there is a major job to be done there in the matter of urban planning and intergovernmental working.

● (1910)

The Chairman: Shall clause 15 carry?

Senator Grosart: I think we are on clause 14.

The Chairman: We are on clause 15, honourable senators, but we can always revert.

Senator Grosart: Well, if I may revert, I would like to ask the minister about clause 14, which is the clause which provides for grants of \$1,000 per housing unit to municipalities for low cost medium density housing. This is where we come across the suggestion of 10 to 30 units per acre. Assuming that this is a restriction that will be imposed under the municipal loan regulations, will it apply elsewhere than to the types of units referred to in clause 14? In

other words, will there be the same restrictions on an individual borrower who might wish to have a home within the limits but on an acre of land?

Hon. Mr. Danson: No, the restriction will be applied to that person because the intention here is to encourage denser, lower cost housing, and the preservation of agricultural land as well. There are some new housing forms which can be very attractive. Ten per acre would allow a 40 by 100-foot lot, and that for a semi-detached house is quite adequate. For the new zero lot lines, which I am just becoming acquainted with, it is quite adequate as well, and, of course, town housing. Much of our housing in this country already is within that range. But it does not permit the person to move out to the country, and use a lot of good agricultural land. Indeed, this has a bias in it to discourage that. It is something you want and it is an option, but you do not get support for that option.

Senator Grosart: Since the quality of housing, to some extent, comes under this clause, could you, Mr. Minister, give us some information on the progress you are making with your suggestion for a national consumer warranty system?

Hon. Mr. Danson: Well, Senator Grosart, we discussed this last with the housing ministers on, I think, November 25. There was a meeting just earlier this week with representatives of the provinces, the building industry, the lenders, the mortgage insurers and consumers. I do not have a full report on that at this time. The housing ministers were virtually unanimous in wanting a national scheme. I understand from the preliminary information I have that there are those who might prefer to go either provincially or regionally. I am not able to give a specific report on that at this moment. As far as I am concerned, I am looking forward to that as an essential part of the national scheme.

Senator Grosart: Would it be possible for that to be brought in under federal legislation, or would it require federal-provincial cooperation? I am thinking again of the Standards Act, and so on.

Hon. Mr. Danson: Basically, this is within provincial jurisdiction and it would only be by agreement, except where we are particularly involved ourselves. I think that our lending in the past year or so has touched about 40 per cent of the new construction. Under these new initiatives I think it will be in the range of 60 per cent, or even higher, of the new construction—that on which we lend, which we subsidize, and that which we insure.

We could impose it in that way on that portion of the new housing production. I would rather see it, not even as a federal-provincial scheme, but as an independent scheme, free of domination by government and with participation by the industry which, in the main, has done a pretty good job. However, there are those who the industry would like to see brought under control, and I think there would be much greater satisfaction for people in knowing that there is such a scheme in effect.

The proposal made today, which has been discussed, leaves no single body with control. It is sufficiently diversified between provincial and federal governments, various aspects of the building industry, the building suppliers, the lenders and service associations, and it is a truly independent council. It is not easy to bring this about, and it is very

[Senator Grosart.]

frustrating. I am concerned that it has not got off the ground, having regard to the nature of an independent council with many different factors in it. We have to bring this to a head very soon. If it were necessary—and I indicated this to the provincial ministers—we would apply our scheme to our own housing. We are quite prepared to do that. I would prefer to see a scheme that is independent, but we want to see that consumer protection.

Senator Grosart: Mr. Minister, would what you have in mind be a warranty from the builder to the new owner?

Hon. Mr. Danson: Yes, from the builder to the owner. The builders would be certified, and if they did not live up to their warranties they would be decertified.

The Chairman: Shall clause 14 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 15 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 16 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 17 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 18 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 19 carry?

Hon. Senators: Carried.

The Chairman: Shall the title of the bill, "An Act to amend the National Housing Act and the Central Mortgage and Housing Corporation Act," carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Senator Fournier (de Lanaudière): Mr. Chairman, I would like to compliment the minister, whom I do not know personally, for the manner, intelligence and common sense with which he has handled everything.

Hon. Senators: Hear, hear!

Senator Grosart: Senator Fournier beat me to the punch.

Senator Perrault: We will make him an honorary senator.

Senator Grosart: I rose to say exactly the same thing, and to thank the minister for coming here. This is the second occasion on which he has done so. He is the only member of the present Cabinet who has honoured us by his presence. We have had Cabinet ministers before our committees, but he has the distinction of being the only one so far who has graced with his presence this more impressive part of the Senate's operations.

We thank him for his coming and, as he does elsewhere in other committees and in public, for doing such a good job of selling his program. In spite of my earlier pessimism, I wish him nothing but complete success.

Hon. Senators: Hear, hear!

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

● (1920)

The Hon. the Speaker: The sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Senator Macnaughton: Madam Speaker, the Committee of the Whole, to which was referred Bill C-77, to amend the National Housing Act and the Central Mortgage and Housing Corporation Act, has considered the said bill and has the honour to report the same without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator McIlraith: Honourable senators, with leave, I move third reading now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ANTI-INFLATION PROGRAM

STATEMENT BY PRIME MINISTER—SALARIES OF JUDGES— QUESTION ANSWERED

Leave having been given to revert to Question Period:

Senator Perrault: Honourable senators, I have a brief reply to a question raised earlier this day regarding the salaries of judges.

I would draw the attention of the house to the statement made in the other place by the Honourable Jean Chrétien, President of the Treasury Board, as follows:

The salaries of all judges of the Supreme Court, the Federal Court and the provincial superior courts will not be allowed to rise in 1976-77. We have decided to freeze the level of 1976-77 man-years available for higher-salaried positions—those that command a salary maximum of \$30,000 and over—at the level of 1975-76.

What that simply means is that while there is no automatic escalator in the present salaries of judges, no cost-of-living indexing plan, the government does not propose to increase them over and above the present levels during that period of time.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Press Release, dated December 18, 1975, concerning Notes on the Government's Expenditure Reductions.

BUSINESS OF THE SENATE

Leave having been given to revert to Notices of Motion:

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Saturday, December 20, 1975, at 12 o'clock noon.

Senator Grosart: Honourable senators, I wonder if I could ask the Leader or the Deputy Leader of the Government what is expected of us throughout tomorrow.

Senator Perrault: We hope that the true spirit of Christmas and brotherhood will enthuse the other place so that they may arrive at a happy consensus regarding the unemployment insurance bill which is presently before them, so that we, in turn, may dedicate our spirit of brotherhood toward the passage of that same legislation.

Senator Grosart: Is it the intention to deal with that bill, as we have dealt with this one, in Committee of the Whole?

Senator Perrault: Honourable senators, at this time I am not able to say, but that is a real possibility.

Motion agreed to.

The Senate adjourned until tomorrow at 12 o'clock noon.

THE SENATE

Saturday, December 20, 1975

The Senate met at 12 noon, the Speaker in the Chair.

ANTI-INFLATION PROGRAM

FAMILY ALLOWANCES—QUESTION

Senator Forsey: Honourable senators, I wonder if the Leader of the Government could give us any indication of the precise means by which the—what is the word—the freeze, the temporary freeze in the family allowance payments will be carried out? I should have supposed that the January payments would be made with the increase which was already provided for by law. Am I to understand that it is intended to recoup this from the recipients by subsequent changes in the legislation, operating retroactively?

Senator Perrault: Honourable senator, I have not been apprised of the exact method which will be employed to bring the freeze into effect. I hope that we can obtain that information and I will attempt to provide it later today.

Senator Forsey: The same might apply to the measure dealing with our own remuneration, I presume. It is easy enough to get it back out of us, I suppose.

WAGE GUIDELINES—QUESTION

Senator Phillips: Honourable Senators, I should like to direct a question to the Leader of the Government in the Senate. When the wage guidelines were first announced, Senator Perrault initiated a debate in this chamber which was most helpful and informative. The anti-inflation regulations have been made public and cutbacks in expenditures have been announced by Mr. Chrétien. I should like to ask the leader if he would consider initiating another debate or discussion on these aspects of the matter in the new year. I would not want it before Christmas. Early in the new year would be fine.

Senator Perrault: There is a good deal of merit in your suggestion, Senator Phillips. It would be helpful to have as great an understanding as possible of the program and the regulations pertaining thereto.

BUDGET REDUCTION IN DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

Senator Perrault: Honourable senators, will recall that the other afternoon we had a discussion about certain budgetary reductions in the Department of Regional Economic Expansion. I should like to clarify the situation with respect to the estimated reduction in expenditures in that department, which was something in the order of \$11.2 million. The \$11.2 million reduction represents a cutback in the original budgetary request which went forward for the Department of Regional Economic Expansion for the fiscal year 1976-77. What this simply means is that during the fiscal year 1976-77 the budget will be frozen at the level of

the fiscal year 1975-76. In terms of real purchasing power, however, because of the inflationary factor of approximately 10 per cent, the budget figure does represent a real reduction of something in the order of 8 to 10 per cent in the number of dollars which will be spent by this department. If this explanation sounds unduly complicated I apologize, but I think honourable senators understand. The budget next year is going to be the same as it was in the fiscal year 1975-76, but in terms of the power of those dollars to purchase goods and services there will be, in effect, a budget reduction.

● (1210)

Senator Phillips: A supplementary question if I may, honourable senators. Senator Perrault, in his reply, referred to the fact that certain items were frozen. In the history of the British Parliament, from which we have inherited most of our traditions, Parliaments became known as the "Long Parliament," the "Rump Parliament," and so on. I would like to ask him if he would consider it appropriate to call this Parliament the "Frozen Parliament"?

Senator Perrault: Certainly, in view of the temperature levels presently prevailing in the Ottawa area, one may well describe this as "The Frozen Parliament."

EFFECT OF NATIONAL DEFENCE CUTBACKS ON NOVA SCOTIA—QUESTION

Senator Macdonald: Honourable senators, I should like to direct a question to the Honourable Leader of the Government. I heard a news item on the radio this morning to the effect that some of the cutbacks in expenditures of the Department of National Defence would fall most heavily on the Maritime provinces, and that Nova Scotia would be especially hard hit. Could the leader give me any idea of what reductions are to take place there?

Senator Perrault: I must take that question as notice and I shall endeavour to obtain the information by the time we adjourn, which it is hoped will be some time later today. I do not have the detailed list of defence establishments to be affected by the announced freeze or cutback in that department.

Senator Phillips: May I add, honourable senators, that that was one of my reasons for requesting a full debate on this subject.

THE SENATE

THE CLERK'S SCROLL—QUESTION

Senator Grosart: Honourable senators, before the Orders of the Day are proceeded with, might I ask the Leader of the Government if by any chance he has a copy of the Scroll before him. Has one been provided today?

Senator Perrault: Honourable senators, I have a document described as the "Clerk's Scroll," which we have used over a great many years in this place as a general outline of events which it is anticipated will occur in this chamber. If the honourable senator requires any information from the Scroll I will be very pleased to provide it.

Senator Grosart: I would appreciate having it, because as far as I can find out no copy of the Scroll was provided today to the office of the Leader of the Opposition. I would ask the Leader of the Government if this was on his instructions, first of all, and, secondly, if he is aware that an employee of the Senate yesterday visited the office of the Leader of the Opposition, referred to the remarks I made yesterday, and said, "He will not get the Scroll tomorrow"? I would like to know if this was on the orders of the Leader of the Government.

I would further like to know if it is the intention to deny the Leader of the Opposition—and I am not speaking personally—a copy of the Scroll in the future. If the circumstances prove to be such as I suggest, I wonder if an apology is not due, not to me—indeed, not to any person—but to the office of the Leader of the Opposition.

Senator Perrault: Honourable senators, first of all, I issued no such order and I did not provide any such advice to any person. Secondly, I think honourable senators are aware that the provision of the Clerk's Scroll is not really a right or a privilege; it is a courtesy, a courtesy which has been extended in an informal way over a period of years to both parties in the chamber. The provision of a daily Scroll is not enshrined in any rule of this chamber.

I know of no details of any conversation of the kind alleged by the Honourable Deputy Leader of the Opposition. I place very little faith, however, in second hand accounts of fragmented conversations, and I question really whether it is of much use to exchange views regarding second hand accounts of alleged conversations in the corridors of this house or in the other place, or any place else for that matter.

In view of the critical remarks voiced yesterday in this chamber by the Deputy Leader of the Opposition, it may well be that those responsible for the preparation of the Scroll—who, I think, have done a superb job over the years and have won commendations on all sides—are studying a transcript of the remarks made by the Deputy Leader yesterday. Perhaps they are studying methods to alter the manner in which the Scroll is prepared. Again, there may be some hesitation on their part to provide the Deputy Leader with a copy of the Scroll today in view of the critical remarks of yesterday. Perhaps there will be an effort made to design the Scroll in a more acceptable fashion for the Opposition party in this chamber in the months to come.

Senator Grosart: Honourable senators, I am sure the Leader of the Government would agree with me that it is much more than a matter of consideration at some level. I am sure he will also agree that it is much more than a matter of somebody on the staff on the Senate having decided to reconsider the whole matter. That is why I asked him if what happened had happened on his instructions. He said no, and he added that the provision of the Scroll was a matter of courtesy. Of course it is a matter of courtesy. That is what we are dealing with here all the

[Senator Grosart.]

time—courtesies between individual senators and courtesies between the Government side and the Opposition side. As the Leader of the Government says, it was a courtesy, and now it appears to have been a courtesy that has been discontinued without instructions from the Leader of the Government. In this instance it appears to have been discontinued by an employee of the Senate.

The Leader of the Government has used the word "alleged" in respect of the statement I made. He has said that it may have been just a fragmented conversation, and that it may have taken place in the corridors of this house. I say to him that my information is that the statement was made to the office of the Leader of the Opposition. I say to him that it is a serious matter if this courtesy has been discontinued under the circumstances, and therefore I ask him if he will investigate the matter and report—not to me since it is a matter that does not concern me personally but is of concern—to the important office of the Leader of the Opposition.

I repeat that I am told, and I am prepared to produce a witness to the fact that the statement was made that because of the remarks I had made—and definite reference was made to them—"he will not get it tomorrow." I suggest to him that that is a serious situation in respect to the privileges which we all seek here in the Senate.

• (1220)

Senator Perrault: Honourable senators, again I wish to reiterate that no instructions were issued from the office of the Leader of the Government at all about this matter. I know that the Honourable Deputy Leader of the Opposition is a very fair-minded person and believes in fair play. It could well be that inadvertently a copy of the Scroll was not placed in the letterbox. In any case, it seems to me unfair to pass judgments on any personnel in the Senate with respect to this matter. I can say from my personal experience that we are served superbly well by the personnel who assist us in this chamber.

Senator Grosart: That is not what we are talking about.

Senator Perrault: And those who put in many dedicated hours in the preparation of the Scroll and other tasks in this chamber deserve an enormous amount of credit for enabling the Senate to operate at the good level of efficiency which it does.

Hon. Senators: Hear, hear.

Senator Perrault: I shall certainly undertake to inquire into the matters raised by the Honourable the Deputy Leader and attempt to ascertain why the Scroll has not been made available, apparently, to the office of the Leader of the Opposition today, whether it has been a problem of the mails or relates to messenger service or whatever. There appears to be no reason why the delivery of the Scroll to the loyal Opposition cannot be resumed if, indeed, it has been interrupted. I can see no real impediments, but in my opinion when we pass judgment on those who prepare the Scroll we must understand some of the problems which occur for them from time to time. I have always found that those who assist us here are earnestly endeavouring to assist all honourable senators, regardless of our political affiliation or whether we are in opposition or in government. I notice the remarks reported in the

Debates of the Senate of yesterday at page 1667, at which point the Deputy Leader of the Opposition said:

I therefore suggest that there is some kind of extraordinary presumption on the part of somebody when we are told in Order Paper form exactly what is going to happen before it happens.

There was no such intent to do that. The Scroll is an approximate outline of events which may occur here and a guide which was brought into being originally by a former leader in the Senate who was of the same political persuasion as that of my honourable friend who has raised this point. It is perhaps a tribute to the party which occupies the benches opposite that they introduced the idea of the Scroll originally, a number of years ago. It is a useful institution and I cannot see why it should not be made available to both sides. However, none of us wishes to judge anyone unfairly here and I am sure that the honourable senator has no wish to do so.

Senator Grosart: No, that is so and I do not wish to prolong this unduly. I merely asked certain questions and I asked if the Leader of the Government would look into the situation and report back as to whether the situation is as I described it. I believe I said that that remark was made in the office of the Leader of the Government. I think it was not made there, but in the corridor. I may have misinformed the leader on that point. Still, I am told and it has been reasserted to me, that the particular statement was made. It is only with that statement that I am concerned, that this was said to be a punishment for the remarks I had made. My remarks may not have been acceptable to honourable senators. But that is not the point. The point is that the punishment should not be meted out, if it was, by an employee of the Senate.

Senator McIlraith: Honourable senators, this matter, raised in the form it was yesterday and again today, involves a very important question of privilege affecting all honourable senators.

"The Scroll" is an incorrect description of the document that was objected to yesterday. The Scroll is prepared at the Table by the Clerks at the Table as proceedings take place here and when a decision on each step is taken. That is what is meant by the Scroll—namely, the record as noted at the Table by the Clerks.

The document prepared in advance and now under discussion was instituted when an honourable colleague, now departed, was assigned the responsibility of being Leader of the Government in the Senate without being appointed a member of the Cabinet. At that time he had had no experience as a minister of the government, and the practice was started of trying to anticipate the proceedings and preparing for him what would be the Scroll if events happened in the anticipated way.

When he resigned for reasons of ill health and his successor was appointed by the same government of that day, his successor remained in the position for, if I remember correctly, less than a year. That document continued to be provided to him. At that time it was not provided to the Leader of the Opposition in the Senate.

When the honourable gentleman became Leader of the Opposition in the Senate, with the change of government in 1963, I am informed that after a short period, being

without the Scroll, he asked for a copy. He was of the view that it was a very useful document in keeping the proceedings clearly before him, and that it helped him to fulfil his role as Leader of the Opposition, just as it had helped him when he was the Leader of the Government.

The document, of course, has the word "Scroll" on it, and it has been loosely referred to as the Scroll. If there are no changes in the anticipated proceedings during the day, it would be accurate. If there are changes, certain paragraphs are stricken and the appropriate item written in at the Table.

I thought I had explained yesterday that because we had not used a procedure which I had rather liked from my earlier experience of Committee of the Whole in another place, I had gone to those members whom I thought were most concerned with the housing legislation and suggested that we might deal with this bill in Committee of the Whole. In doing so, I refreshed their memory about what had been done in the spring.

I also went to the staff of the Senate and explained how I proposed to proceed in the chamber, and asked that the correct steps be written out—because last year there was some unfamiliarity with the proceedings—in order that we might use the correct language.

I asked that it be done in advance, because at that point I anticipated that we would have many measures before us and we might be pressed for time. I asked that it be done in a detailed way. Unfortunately, it involves writing in advance what it is anticipated will happen before it happens.

Honourable senators should understand exactly what the document is and how it is prepared. I must say I was a little shocked at some of the language used yesterday. It seemed to me a little imprecise—perhaps I will leave it at that—and a little harsh.

• (1230)

GOVERNMENT ANNUITIES IMPROVEMENT BILL

THIRD READING—ORDER STANDS

On the Order:

Third reading of the Bill C-75, intituled "An Act to increase the rate of return on Government Annuity contracts, to increase their flexibility and to discontinue future sales thereof".—(Honourable Senator Barrow).

Senator Langlois: Stand until later today.

Senator Phillips: Why not now?

Order stands.

BUSINESS OF THE SENATE

Senator Grosart: Senator Phillips just asked, "Why not now?" Perhaps this would give the Leader of the Government an opportunity to indicate to us the program that we may be faced with today. Unfortunately we do not have the Scroll here so we could see what items may be before us. One of the purposes of the Scroll is to indicate what might be the business of the Senate on any particular day.

Would the Leader of the Government give us a brief outline of what he anticipates he will be dealing with today, and perhaps tell us also what the situation in the other place on the bills that we might be waiting for?

Senator Perrault: Honourable senators, it is expected that Bill C-69, an Act to amend the Unemployment Insurance Act, will pass in the other place very soon. It may be a matter of a half hour or so. The Commons will then proceed with Bill C-52, relating to superannuation, after which it will deal with Bill C-78, to repeal an act respecting the Halifax Relief Commission and to authorize the continuation of pensions, grants or allowances paid by the Halifax Relief Commission. Each of these proposed measures will, of course, come to this chamber.

A question was asked regarding the status of Bill C-75. Honourable Senator Phillips asked why we stood this bill until later this day. This bill is tied into the adjournment motion in the other place. For that technical reason, it is not possible for us to deal with it here until later.

In connection with Bill C-69, I have been advised that there is a good possibility that the Honourable Mr. Andras, the Minister of Manpower and Immigration, may be available to appear before the Committee of the Whole, if this chamber decides that we should go into committee to discuss in detail Bill C-69, or any questions which honourable senators may have. I had an opportunity to speak with the minister about a half hour ago and he stated that if it is at all possible for him to do so, he is willing to appear before us.

Senator Grosart: Could I ask, first of all, if these bills come to us today, is it the intention of the government to request us to deal with them in all stages?

Senator Perrault: Honourable senators, it is the intention to deal with these measures today. The content of many of these measures is well known to honourable senators. Most of these bills are not unduly complicated. Indeed, many of the senators have substantial expertise in certain of these areas and know a great deal about the proposed legislation. Bill C-52, as an example, was considered by a joint committee. For that reason, unless honourable senators believe that it may be too onerous a task to do so, I would propose that we attempt to complete this business which I have outlined today and we then may be in a position to adjourn for the recess.

Senator Côté: How about royal assent?

Senator Grosart: In the event that all three of these bills that were mentioned do not come to us today—I presume they were mentioned because it is the wish of the government to have them enacted into law before the end of the year—has the leader any information that he can give us as to how we might proceed to deal with them, if they do not all come before us today?

Senator Perrault: Honourable senators, first of all, if we are able to deal with these bills this afternoon there will, of course, be royal assent later this evening. We have standby arrangements for royal assent at approximately 6 o'clock, but the time, of course, depends upon the debating time which honourable senators may wish to take in dealing with these measures.

[Senator Grosart.]

If there is an unforeseen delay in the other place—this has happened many times in the past—it may well be that we will be back on Monday or Tuesday to complete this work.

Senator Phillips: Honourable senators, could I make a brief comment? The House of Commons has very definite adjournment hours. Yesterday afternoon they adjourned around 4.30. Since today is a rather special occasion, may I ask the Leader of the Government if he knows whether or not the House of Commons plans to adjourn at 4.30 today, as they did yesterday, or to continue sitting beyond the normal adjournment hour?

Senator Perrault: Honourable senators, we do not have that information as yet. We are, of course, in continuing communication with the other place. The government simply is not in a position to know the situation as of now. The adjournment is very much in the hands of Her Majesty's Opposition in the other place.

There have been some reports that there could be a prolonged debate on one or two of these proposed measures, but at this time we really do not know what will happen. It would be very much appreciated if we could maintain a healthy attendance, well above quorum, this afternoon in order to expedite the business when it does reach here.

Senator Phillips: You have a quorum; you can maintain it any time.

The Senate adjourned during pleasure.

At 3.55 p.m. the sitting was resumed.

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-69, to amend the Unemployment Insurance Act, 1971.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Molgat: Honourable senators, with leave, I move that the bill be now read the second time.

Senator Grosart: Honourable senators, before we proceed to discuss the motion, I wonder if the Leader of the Government is in a position to give us any indication, from information he may have gleaned over the lunch hour, as to the program he may have in mind for this and perhaps subsequent sittings of the Senate. I am particularly interested in any consideration he may have given to the suggestion made by the Leader of the Opposition, when he was here last, that should we not finish the business today we not come back on Monday, December 22, but on Tuesday, January 6.

Senator Perrault: Honourable senators, it is to be hoped that we can complete our work today. Indeed, the progress in the other place indicates that there is a possibility of royal assent around 7 o'clock this evening. That would be the program, unless it is the wish of honourable senators to come back on January 6.

An Hon. Senator: Oh, no.

Senator Grosart: I should make it clear that that was not the suggestion.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by the Honourable Senator Molgat, seconded by the Honourable Senator Petten, that this bill be now read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat: Honourable senators, it is my pleasure and privilege to introduce Bill C-69, to amend the Unemployment Insurance Act, 1971. I trust that the head cold from which I am now suffering will not prevent anyone from hearing me clearly. On the other hand, it may mean that my comments will be more brief than would normally be the case. Because this is a very important measure, and one which is technical in a number of respects, I want to be sure that the comments I make will be completely accurate. For that reason, it is my intention to stick closely to my prepared text.

● (1600)

The history of the Unemployment Insurance Act goes back quite a number of years—in fact, some 35 years—and it came about in response to a growing economic and social need in our country. As we were moving out of the basically agrarian, primary industry stage into an industrialized nation, it was obvious that we needed some program of unemployment maintenance for temporarily unemployed workers. In 1935, the Government of Canada, following the lead of the governments of the United Kingdom, the United States, and a number of other nations, introduced the Unemployment and Social Insurance Act. However, there was a constitutional question at that time as to whether unemployment insurance was in fact a proper federal field, or whether it was a provincial field. The Supreme Court at that time ruled that the act was *ultra vires* of the British North America Act. As a result, it was not until 1940 that the act was brought forward, after agreement was reached with the provinces clearly establishing unemployment insurance as a federal responsibility.

The original program was financed through a fund which received its contributions from employers and employees on a roughly equal basis. In addition, there was a federal government grant of one-fifth of the combined employer-employee contribution to make up the balance.

The first payments, which were in 1941, averaged \$6 per week, with a maximum level of \$12 per week. Contributions ranged from 12 cents to 36 cents per week. Obviously, these figures are a far cry from the present situation. However, through the whole period of the history of unemployment insurance it has played a vital role in maintaining economic and social stability in our country. It gives

workers and their families the security of knowing that, if their incomes are interrupted, temporary support is available in the form of unemployment insurance. In addition, it injects money into communities in times of high unemployment; it maintains purchasing power which benefits the whole of the community. A further advantage is that it prevents the loss of talent to the skilled labour pool which might take place if dire economic necessity forced trained people to seek semi-skilled or unskilled jobs when they became unemployed. In these ways, therefore, the program assists the proper functioning of the labour market and the economy as a whole.

Since the labour market is subject to a constant ebb and flow which has very far-reaching effects, the act must remain flexible. It must be prepared to respond to these changes and it requires a constant monitoring of the legislation itself.

The Unemployment Insurance Commission is conducting a continuing review of its legislation and the bill which is before us today is the result of that continuing review.

I want to emphasize that the bill which we are considering does not in any way represent a departure from the basic philosophy of the act originally passed by Parliament in 1941. Rather, it is a response to the changes in economic and social conditions in this country and in the world—changes which demand adaptation and follow-through on our part.

Essentially, Bill C-69 has four objectives. The first is to facilitate the effective operation of the labour market, particularly by reducing disincentives to work. The second is to rationalize the relationship between the unemployment insurance program and other components of the social security system. The third is to relate the direct financial participation by the private sector in this program more closely to the changed economic conditions in which we find ourselves. And the fourth is to reduce inequities and rigidities in the existing legislation.

In order to meet these objectives, Bill C-69 proposes the following amendments: First, to double the minimum period of disqualification from benefits for claimants who leave their employment voluntarily without just cause, for those who are dismissed for misconduct and for those who refuse suitable employment. Currently, the maximum period of disqualification for these actions is three weeks. However, the number of disqualifications based on voluntary quitting has continued to be alarmingly high despite high unemployment and a low ratio of job vacancies to the number of unemployed workers. So the three-week period disqualification period is being doubled to a six-week period, which is added to the two-week mandatory waiting period. It is hoped that this will cause people to consider more carefully before capriciously leaving jobs, or turning down suitable positions that are offered to them.

● (1610)

It should be emphasized again that decisions on disqualifications of this nature are based on 35 years of jurisprudence and are, of course, subject to appeal where claimants feel that decisions are unfair. No one will be victimized but, on the other hand, neither will working Canadians be expected to support those who would rather draw benefits than hold down jobs.

Two amendments are directed at reducing the overlap between unemployment insurance and other social security programs. One will eliminate the special benefit rate of 75 per cent of insurable earnings for claimants with dependants. The 66½ per cent rate of benefit will now apply to all claimants, an acknowledgment that significant increases in family allowance and the indexing of income tax are more appropriate means of recognizing the special needs of people with families. There will now, therefore, be only one base.

It is for this reason also that it is proposed to limit coverage to persons under the standard retirement age of 65. The government recognizes that some people do continue working beyond their sixty-fifth birthday. Nevertheless, at that stage a number of programs begin, offering income support to Canadians regardless of whether or not they work. These include old age security and the Canada pension plan, which have been substantially enriched in recent years. The Canada pension plan, particularly, has been upgraded with the removal of the earnings test, and a doubling of the pension itself. This plan reaches full maturity in 1976, so that workers who reach 65, when this amendment to the Unemployment Insurance Act comes into effect, will be eligible for the full pension provided for under the plan, if they have contributed to it since it began in 1966.

The maximum retirement pension available under the CPP increased from \$65 in 1971 to approximately \$130 on July 1, 1975. Old age security increased from \$80 in 1971 to about \$126 in 1975. The guaranteed income supplement was also boosted from roughly \$34 for a single person, in 1971, to \$88 this year. In addition, the personal income tax exemption was increased by \$1,000 for persons aged 65 to 70 in 1972. Last year that exemption was indexed to rise with increases in the cost of living.

All of these income maintenance schemes are beamed directly at persons aged 65 and over, and offer a far more appropriate way of meeting their particular financial needs than does unemployment insurance.

I want to emphasize that the principle of an upper age limit on participation in the unemployment insurance program was established in 1971, when it was set at 70 years of age. At the time, that corresponded to the age at which the provisions of old age security and other pensions came into affect. In those programs the age of implementation was gradually reduced to 65, and so the unemployment insurance program is being adjusted accordingly.

I should note that the special retirement benefit will continue to be available to major attachment claimants reaching the age of 65, both to offer a financial bridge between the end of a person's working income and the beginning of pensions and other programs, and to recognize the reduced coverage which contributors receive in the year before their sixty-fifth birthday.

The third and major amendment in Bill C-69 will permit an extension of the qualifying period beyond the present 52 weeks to a maximum of 104 weeks for certain groups of claimants who find themselves out of the active labour force for certain periods of time due to reasons beyond their control. These groups include persons who are incapable of working because of sickness, disability or quarantine, people receiving workmen's compensation or claim-

ants on approved training courses, and those who are inmates of penal institutions.

Sickness benefits are being made more flexible under Bill C-69. Major attachment claimants will be able to draw up to 15 weeks of sickness benefits during a total of 39 weeks instead of the present 29. In addition, the drawing of regular benefits will no longer result in a reduction in sickness benefit entitlement, so that claimants could draw up to 10 weeks of regular benefits without reducing the number of weeks of sickness benefits to which they are entitled.

A further amendment allows claimants to terminate a claim voluntarily in order to establish a new claim, where it is in their best interests to do so. For example, persons may establish a claim for benefit and then return to insurable employment for 20 or more weeks. Under the present act they cannot terminate a claim which they began before finding work. Thus they are ineligible for sickness or maternity benefits, which are only payable in the initial phases of the claim. The proposed amendments will be fairer to claimants under these circumstances and will remove this inadvertent disincentive to work.

Another area of inadvertent disincentive will also be dealt with through the removal of the advance pay provision. It was originally intended to provide major attachment claimants with a strong incentive to find work quickly, in the early weeks of their claim, by giving them an advance payment equal to three weeks of benefits without reference to whether or not they had earnings for that period. It was expected that they would then draw no further benefits. Active job search and availability requirements for those three weeks were waived. It has been found, however, that the purpose of the advance pay was not being served, and that in fact the recipients had a longer average duration on claim than non-recipients. As a result, this provision is being removed.

Another amendment in Bill C-69 relates to the issue of social insurance numbers. It authorizes the issue of new numbers where social insurance cards have been lost, stolen or fraudulently used. In such cases, where a second social insurance number is issued, the first number will be voided.

Other provisions of the bill will further reduce inequities and complexities which now exist. A number of powers presently given to the commission through regulation will be clarified and formalized through embodiment in the act itself. These concern the rights and obligations of claimants, and are thus of great importance. There is a proposed amendment to allow the commission to pay the travel expenses of persons and representatives to attend hearings of the umpire in cases concerning coverage under the act.

● (1620)

A fundamental change proposed by Bill C-69 relates to the formula for the way in which costs are shared between employees, employers and the government. The financing arrangements of the plan have remained unchanged for almost four years now. There have been rapid and dramatic changes in both Canadian society and the structure of the labour market. The 4 per cent unemployment threshold set in 1971 as the level at which the government would assume costs for initial benefits was related to economic conditions in the decade preceding 1970. The principle on

which this formula was based, namely, that the government must recognize and bear financial responsibility for unemployment above a certain level, continues to hold true. However, principles of social insurance require that normal cost of an unemployment insurance program should be financed as much as possible through contributions from employers and employees.

Economic conditions have changed significantly in the past four years, so that an updating of the bench mark for calculating the self-financing component of the plan is now called for. Bill C-69 proposes a new threshold, to be adjusted automatically each year on the basis of a moving average of monthly unemployment rates over the preceding eight-year period. Under this formula the bench mark in 1976 will be approximately 5.6 per cent, a level based on average monthly rates of unemployment in the eight years preceding June 30, 1976.

The regular adjustment of the bench mark will apply only to the sharing of the costs of initial regular benefits. The cost of extended benefits payable to those who are unemployed for a longer period will continue to be the full responsibility of the federal government.

If the proposed amendments are passed by Parliament before the end of this year, which is what we are presently discussing, a net saving of approximately \$150 million is expected in 1976, at a 7 per cent rate of unemployment. On the basis of the same assumption, the net increase in employer-employee costs for 1976 would be approximately \$490 million, with a net reduction in government costs of approximately \$660 million. In terms of current efforts by the government to allocate its resources in the most effective possible way, the bill is obviously of great importance. However, its impact in terms of reducing disincentives to work, the flexibility and fairness of this important feature of the Canadian economic scene, is equally crucial and deserves our most careful consideration and support.

Honourable senators, the minister responsible for this particular act has made himself available to members of the Senate. He is prepared to appear before us in Committee of the Whole, if that is our wish. I move that we proceed now with second reading. If it is the desire of honourable senators that we should go into Committee of the Whole, we will do that and the minister will be available.

Hon. John M. Macdonald: Honourable senators, I am sure we all listened with a great deal of interest to the remarks of the sponsor of the bill. I must congratulate him on his clear presentation; when obviously he is suffering from a rather severe cold.

I was interested also in the short resumé he gave of the history of the act. Basically, the whole purpose of unemployment insurance is to provide support, for a fairly short period, to unemployed workers while they are seeking new employment. Obviously, it is a very commendable measure and one which has become part and parcel of our economic life.

It is obvious also that the time element when unemployment insurance is needed will vary. In regions of high employment the period between jobs for working people will be short, but in regions of low employment opportunities the need will be there for a much longer period.

As has been mentioned, the act has been amended from time to time, and Bill C-69 is a further amendment. It proposes various changes, and at this time I want to discuss only two of them. One amendment deals with a change in the amount of government financial participation in the Unemployment Insurance Fund. Under the present act, the fund is self-supporting while unemployment is under 4 per cent. When it is more than 4 per cent, the federal government pays the additional cost—and there is good reason why it should do so.

Over the years it has become an accepted fact that the federal government is responsible for ensuring full employment. Whether we like it or not, it is a fact in our modern industrial society that the federal government has that responsibility. Indeed, we do not have to go too far back to remember when the federal government took a great deal of pride in saying that it was undertaking this responsibility, and proclaimed far and wide that it was keeping unemployment at an acceptable level, which was 4 per cent. It also took a great deal of pride in saying that its measures were responsible for keeping unemployment low.

While unemployment remained at acceptable levels, the government said it was due to its action, but once it became higher, no longer was it the government's responsibility or due to its actions, but to worldwide conditions.

Honourable senators, the government was more optimistic then than now. We find now that it has retreated from its former stand, and has abdicated its responsibilities to provide full employment. In effect, it is admitting that its policies have not worked, that those policies have not kept unemployment at an acceptable level. It is now saying, in effect, that its economic policies have been a dismal failure and, what to my mind is far worse, that it has lost face and confidence in its economic policies and its ability to introduce policies which will provide full employment. The government has given up hope of keeping unemployment even at the high rate of 4 per cent, which was fairly acceptable.

Not only is this amendment a confession of the dismal failure of its past policies, it is a melancholy admission that it has now no faith or confidence in its ability to develop new policies to bring unemployment under control.

It is a sad thing, honourable senators, to see a government in such a state of dejection that it has nothing to offer the unemployed except to say that its policies are costing too much money, that we must spend less on unemployment insurance even while unemployment is increasing. So the 4 per cent threshold is to be abandoned and a more complicated formula is to be used, which, in the year 1976, will make the acceptable level of unemployment 5.6 per cent; and no one knows what it may be in future years. This move, this deplorable action, is supposed to save the government a lot of money—and it will, because it will increase the burden on the employee and employer. But the government was not satisfied. It wanted to further decrease the amount it would have to pay into the fund due to the dismal failure of its policies. So, we have another amendment. The government struck out and struck out in a ruthless and savage manner at the one group covered by unemployment insurance which could not defend itself, those 65 and over. It has decreed that

those men and women in the work force who are over 65 years of age will no longer be covered by unemployment insurance.

● (1630)

Honourable senators may remember that in the 1971 amendments to the act, persons over 70 years of age were dropped from the unemployment insurance program. It was surprise move at that time. I felt then, as I feel now, that a grave injustice was done to those people. Indeed, during our 1972 session I introduced a bill here, Bill S-2, which would have restored unemployment benefits to those people. That bill got a very sympathetic hearing. At that time, the government leader in the Senate was the Honourable Paul Martin. At his request, instead of voting on second reading, the subject matter of the bill was referred to the Standing Senate Committee on Health, Welfare and Science. Well, all I can say is that the Honourable Paul Martin must have taken that bill with him to London, because I have heard nothing of it since. That bill did not become law and now we are faced with a far worse situation. I was astonished and horrified when I saw that Bill C-69 proposed to deprive those in the work force who are over 65 from the benefits under the act.

Senator Forsey: Hear, hear.

Senator Macdonald: This is a deplorable act on the part of the government and should be condemned in the strongest terms. It will cause hardship to those less able to bear them. I must add, I have not been impressed by the weak and feeble defence that has been made of this cruel, this ruthless action. I read that the minister, in introducing the bill, said this of those over 65, and I quote from the House of Commons *Hansard*: "The fact is that most of them have, in effect, withdrawn from the labour market."

Yes, I expect that those who could afford to retire from active work at 65 have done so. These would be the persons with a decent pension from the industry for which they worked; these would be persons who had a powerful union to look after their interests. But it is those over 65 years of age who must continue to work in order to live that the government is making pay for the failure of its policies. While they are temporarily unemployed, they will get no benefits. There is no solicitude for them.

I was amused to hear the solicitude the government has for some of those who, through no fault of their own, were unable to contribute to unemployment insurance. They were unable to contribute because they were in jail. Yes, there is solicitude for those people, but not for those over 65 years of age.

The defence—and again I say it is a defence—given for this harsh treatment of those over 65 is so unconvincing as to be pathetic. I would have had more respect for the government had it come out and said, "We can save \$120 million a year by cutting off unemployment benefits to those over 65 years of age, and that is why we are doing it."

Let these elderly people who must work to live have a lower standard of living. They have no powerful and influential advocates, so the government feels it can treat them in this harsh, this rough, this unfeeling way, with impunity. In my opinion, we have come to a sad state in Canada when our government is taking advantage of the weakest group in our society. Yes, these older citizens, men and

[Senator Macdonald.]

women, will have to take whatever employment they can find. They will not be able to wait a week, two weeks, or a few weeks to get better employment, as younger workers can. They will have to accept the lowest wages; they will have to accept the worst working conditions, and they will have to do so because of the failure of the government to provide economic policies for full employment and its failure to keep them under the umbrella of the Unemployment Insurance Act.

In my opinion, this amendment will create a grave injustice to our older citizens. It is a deplorable fact, a melancholy fact, that the government has chosen to make these older workers pay for the failure of its own economic policies. I feel that the government could have saved this much, and more, without affecting our elderly citizens had it assumed its responsibility for providing full employment. By so doing, it could save \$120 million, and more, without causing any hardship or injustice to anyone.

Honourable senators, feeling as I do about this proposed amendment, I could not, in good conscience, vote for this bill.

Hon. Eugene A. Forsey: Honourable senators, this bill contains some very good features, some very dubious features, and some bad features. On one of the bad features, the Honourable Senator Macdonald has just expressed himself with a generous warmth—and I use the word "generous" advisedly.

I share his views about this particular feature of the bill. I do not know that I should subscribe to every one of the harsh epithets that he used, though I was tempted to do so. In fact, when I first considered speaking on this, I sought in my mind for words to describe this particular provision and rejected them because they were not strong enough. I shall confine myself, however, at present to saying that this particular feature of the bill, and one other, upon which I shall comment in a moment, it seems to me, can at least be described as illiberal in the highest degree.

The Honourable Senator Molgat spoke of this bill providing for more fairness. Well, I can't see where the greater fairness comes in as far as these people over 65 are concerned. It seems to me that there is an extraordinary degree of insensitivity in the people who are responsible for this particular amendment. I hesitate to think that it is the minister or the members of the cabinet. It seems to me more probable that it is officials—well looked after officials—sitting in comfortable offices totally insulated from the circumstances of real life, enjoying the security and the benefits of an ivory tower, who think it is easy to provide for a certain amount of saving of public money by this particular proposal.

When we get into committee, I propose to inquire of the minister how much these two clauses—one subclause and one full clause—would actually save. I suspect that it is a relatively small amount, and I object most strongly to this small saving, or even a large saving, being thrust upon the helpless people who, after all, if they are genuinely seeking work and are genuinely in the labour force should in my judgment, be as much entitled to unemployment insurance as anybody at any other age.

Why should we discriminate against old people? Why should we discriminate even against those over 70, as

Senator Macdonald has said? I am not talking about the people who try to welsh on the thing, who try to get money out of the Unemployment Insurance Fund because they have contributed to it for a long time. I am talking about old people who are generally seeking work, who need work, and it is a complete misunderstanding of the situation to say that old people don't really need work; that they can get along well enough; that they have, after all, the Old Age Security payments and the Canada Pension Plan.

Yes, they have those, and it is a splendid thing that they have, but these are not necessarily sufficient for every elderly person who is seeking work. Many of them find these amounts, which are not, after all, very princely, quite insufficient for their needs. The assumption that they have no dependants can, again, be completely false. Some of them may have married late in life; some of them may have a number of dependants. Some of them may have children going to university or to other post-secondary institutions of education. I protest most strongly against this whole notion that these people should be excluded from the labour force as, in effect, they will be by this, or, if they remain in the labour force, will be excluded from the benefits of the Unemployment Insurance Act. I think this is a shocking, a most regressive and a most reactionary provision of this bill.

● (1640)

Now, there is another provision of this bill which is, to my mind, most reactionary, regressive and, indeed, intolerable. Senator Macdonald did not touch on this, and that is the provision which would cut down the payment to claimants with dependants from 75 per cent of earnings to 66½ per cent. This seems to me, again, really shocking and the more so perhaps because this is going to cause the greatest hardship in the parts of the country where the need for the higher payment is the greatest, notably, the Atlantic provinces and Eastern Quebec and certain other areas of the country as well, but particularly the Atlantic provinces. I should hope that I will get a favourable hearing and support from the senators from the Atlantic provinces on this particular subject.

I may remark that when we get into committee, I propose to move amendments deleting the offensive clauses dealing with the old people, and with the benefits for dependants. It seems to me completely mad to suggest that people with dependants should get the same benefits as people without dependants. Who on earth thought up that? What wild brain conceived this monstrosity?

We are told, of course, "Don't worry, they have family allowances." If I heard correctly what the Honourable Senator Molgat said, he actually referred to the indexing of family allowances, just as we have been informed that the family allowances are to be de-indexed this year. There will be no escalation to provide for the increase in the cost of living this year. This piles one offence on another. You take away a large proportion of the benefits from these people who are in dire need, most of them, and you say, "Well, fall back on family allowances." Then you will find, when you fall back, there is a considerable amount less to fall back on. This is, again, a really staggering performance by the people who have drafted this bill.

I feel so strongly about this that I find it very difficult to express myself in terms which are either parliamentary or

suitable to my Methodist bringing up. I regret very much that because of these most outrageous features of this bill, unless the objectionable features are removed, I shall feel obliged when the bill comes up for third reading, to vote against it, if there is a division in this house, as I hope there will be. I shall certainly rise to ask the house to divide upon the subject and I shall certainly vote against the bill unless these objectionable features are struck out.

Senator Grosart: I am wondering if there are any senators on the other side who will rise to speak on this bill? It seems unusual that they don't on a bill of this importance.

Senator Perrault: Honourable senators, it has been pointed out that the minister, the Honourable Mr. Andras, has made himself available for questioning this afternoon, and the Honourable Deputy Leader of the Opposition may subject the minister to an extensive cross-examination at that time, if he desires to obtain further information on the bill.

Hon. Allister Grosart: Honourable senators, I will now make a few brief comments in addition to those that have been made. We all recognize that unemployment insurance has been an important safeguard, called the first line of defence, against the consequences of unemployment. As has been stated over the years, the original concept of the bill has changed considerably. I understood Senator Molgat to say that the original principle had not changed, but I think the facts are that it has changed.

It has changed from what has been called, to use the minister's phrase, "straight term insurance" to one which now includes a good deal of social benefit completely beyond the original insurance concept. I make no objection to that because it seems the amendments now being made to the bill to some extent have the effect of moving the unemployment insurance back towards an insurance rather than a social benefit basis. The reason given is a very sound one, being that to some extent the extension into the social benefit field has been due to gaps in the overall social welfare plan in Canada. Changes have been made in the general social welfare program so that some of the practical requirements—the gaps—that were filled by the Unemployment Insurance Act may not now be as necessary as they once were. I would say that I am personally in favour of anything that can be done satisfactorily at this time to move the act back to its original basic insurance concept.

What has happened, of course, is that through a long series of what I might call bad arithmetic and bad planning and bad forecasting by the government, the whole situation got so completely out of hand that, in effect, the fund a few years ago went broke in the amount of approximately \$1 billion. I have used that phrase before. It has not been controverted, and no one has yet proved to me that that is not exactly what happened. It happened because there was a sudden alarming increase in unemployment and there was no provision made in the act to provide for that huge deficit.

As honourable senators may be aware, we have even today the anomaly of that deficit being provided for in the estimates of the subsequent year. The deficit is not even projected in the main estimates that we get from year to year, which makes those estimates, at the beginning of any one year, completely unrealistic in this regard when the

deficit may be a \$1 billion or more as it has been in recent years. Apparently it will continue to be somewhere in that area, in spite of the new bench marks.

Now, having said that, I agree with previous speakers on this side, including Senator Forsey, whom I regard now as being on this side—

Senator Forsey: Thank you.

Senator Grosart:—and who very often we find psychologically on this side and sometimes socially. I am glad to have his support for the position we are taking here.

What I am saying is that it seems obvious that the changes have been made in the wrong places. As has been said, it seems utterly incredible that those who are to bear the largest share of the burden of these amendments are the poor, the underprivileged and the old. There are amendments which will make considerable savings and remove some abuses at other levels but the fact remains that the government, in looking over this whole problem and saying they have to save somewhere, has selected those whose incomes are low to bear a heavy part of the burden. I do not think there is any question about it. It has been admitted over and over again.

We are dealing with some two million Canadians who last year received something like \$2 billion in total benefits. The largest percentage of those who received the \$2 billion was at the income level of \$6,000 or under. Therefore, it is inevitable that some part of the burden of the changes will bear on them.

The sponsor of the bill gave us some figures as to the financial effects of this bill. They were considerably different from some of the figures we heard before. I hope we will have an opportunity to get a clarification from the minister.

The main effect of this bill will be to transfer the very heavy deficit of a \$2 billion cost of this insurance plan—the large percentage of which is a deficit—to transfer that from the general taxation levies to employers and employees in the contributions they will make. On that general principle I have no objection. In fact, I approve it. On the other hand, because of the way in which the government has chosen to do it at this particular time, the legislation becomes completely regressive. Over and over again we have been told that one of the finest features of our income tax legislation is that it is progressive. And that is so. It is progressive in its effects, in that in terms of taxes as a percentage of income it bears progressively more heavily on those who can afford it. But there is no question in my mind now that this legislation in that respect is completely regressive. It will bear most heavily on those who can least afford it.

● (1650)

In this context Senator Forsey quite properly used the word "regressive." It is regressive all down the line. It is difficult to find a progressive change in the various clauses. It is true that in certain aspects it is obviously the intention of the legislation to remove abuses. And with that we can agree. But does it have to be done in such a way that it becomes probably the most regressive piece of legislation to come before Parliament in years, if not at any time in our history?

[Senator Grosart.]

I should like to congratulate the Leader of the Government on having been able to arrange for the minister to come before us. Although we suggested that it would probably be the best way to satisfy ourselves about the questions which have arisen in our minds, we did not actually ask for it. I appreciate the fact that the leader decided to take this course. I assume that on the government side there are also questions waiting to be answered concerning this bill. In advance, therefore, I should like to thank the minister for agreeing to come. He will be the second minister in recent years to grace this chamber with his presence, and I am sure we all welcome him. I have had the opportunity myself of questioning him in committee and I have no doubt that the answers he will give will be persuasive, if not entirely convincing to some of us.

Undoubtedly in Committee of the Whole we will go through the bill clause by clause, and I must express the hope that ample opportunity will be afforded to us to ask our questions, because there have been occasions in the past when it seemed to be the intention on the part of those managing that type of committee to rush it along rather quickly.

This bill has only just come to us, and although it has been about for a long time and many speeches have been made on it, it is only quite recently that we who have the responsibility of dealing with it here have had an opportunity to get down to hard cases on the bill. Whether the matters actually arise directly under particular clauses, I hope the minister will be able to deal with basic figures as we go along.

Incidentally, I see that the minister is in the gallery. Naturally he is not permitted to take notes in the gallery, but I know he has a very good memory and I hope that he will be able to deal with these basic figures and tell us as we go along exactly what the savings are in certain of the amendments made to the bill and what the additional costs are so that we can add them up.

I know there are some areas in which it is difficult to come up with an exact figure owing to the fact that situations which may arise cannot be forecast exactly. Nevertheless, as both Senator Macdonald and Senator Forsey have pointed out, it is important for us to be in a position to compare the dollar savings made in certain of these items with the hardship they will unquestionably bring to some of those affected. I think this is an essential part of the consideration of this bill. If \$3 million or \$4 million is being saved at the cost of causing great hardship to former or continuing beneficiaries, then we should be in a position to relate that particular saving to the total savings under the bill.

I, myself, am not clear on the right of appeal under this bill. It seems to be dealt with in several clauses. I hope the minister will be good enough to spell out to us the philosophy of the bill in terms of appeals from the rulings under it.

It has been suggested, of course, that with respect to the problems which have arisen in unemployment insurance it would have been better to have dealt with them in an independent inquiry. In fact, within the department itself much excellent work was done in this direction, but it does not appear to have been proceeded with or brought to a conclusion. Nevertheless, some of the information which

has been made public makes it much easier for some of us who are laymen to assess the problems. And I should like to emphasize that there are problems, problems which the government had to address itself to—and I am glad that it did so. Of course, those who drafted this bill were working on the basis of the facts as they were available to them, but it is obvious—and I believe the minister or one of his representatives has admitted it—that the facts are not all clear and are not all available.

That is the reason I still wonder why the suggestion has not been taken up that the whole matter be submitted to an independent inquiry, perhaps a royal commission. It would seem that in so many cases the facts are in dispute. I am not now just speaking of mathematical numbers; I am speaking, for example, of the degree to which the whole plan has become a disincentive to work. I do not mean at all levels, but we do know there are aspects of the bill which tend to be a disincentive, and that probably the most worrying sets of abuses are in this particular field.

I must admit immediately that there are clauses in the bill, proposed amendments, which are directed particularly to those kinds of abuses. But, based on some opportunities to look into the matter in one of our committees, it is definitely my impression that we do not know the facts. We do not know whether these abuses might cover 10, 15 or 20 per cent of those who are obtaining benefits under the act. We have had some evidence on that in one of our committees and I can only say that it is alarming.

In conclusion, let me say that I do not want to give the impression that I am opposed to drastic improvements in the act or that I am necessarily opposed to the benchmark philosophy; that is, the concept of moving the percentage point in the unemployment figures at which the burden of the deficit falls on taxpayers generally, rather than being restored to those who pay the premiums.

● (1700)

I am sure that the minister will give us some information on the changes that have taken place from the early days, when the costs of the insurance program were borne almost equally by employers and employees, with, in some years, a small government contribution, as opposed to the present time—and this is the problem the government is facing—when I understand that the total contribution of the premium payers is less than the deficit that has to be made up by the government.

I would not want to leave the impression that I am not in accord with the effort that has been made to tidy up some of the abuses that we have become aware of under this legislation, or with the effort that is being made here to relieve some portion of the burden carried by the general taxpayer.

With that, honourable senators, I am sure we all welcome now the opportunity to look at the bill in some greater detail.

Hon. Raymond J. Perrault: Honourable senators, I had not intended to speak; however, the remarks of the honourable Deputy Leader of the Opposition prompt me—

Senator Grosart: As usual.

Senator Perrault: —to make a few brief observations. Let me say at the outset that the operations of the Unemployment Insurance Act are not unknown to me. I was

parliamentary secretary to the Minister of Labour when this measure was introduced. In a very real sense I assisted at the birth of this legislation and I am proud to have been associated with it.

No one has ever claimed that unemployment insurance in this country is a perfect vehicle of social security for those who lose their jobs. That is point No. 1. No one ever suggested, when this bill was introduced, that it was a perfect vehicle in any way. No one suggested that, in the light of experience, changes would not have to be made. No one suggested that we would not have to alter thresholds, or change benefit schedules; indeed, that was stated on the occasion of the introduction of legislation, and was stated subsequently by the minister time and time again. He said that we were venturing very much into the unknown and that we did not know precisely how the legislation was going to operate after implementation.

In the light of experience certain changes are indicated; indeed, others may be required; and we would be totally irresponsible as a government if we did not attempt to improve this program or make it feasible for the Canadian economy to support it effectively, which is, of course, another aspect of the present economic situation.

This legislation, which has been attacked by the Opposition with more sound and fury than logic and common sense, remains to this day the finest legislation of its type in the entire world, a point on which there is no possibility of contradiction.

Hon. Senators: Hear, hear.

Senator Perrault: I can tell you that when this legislation was being developed by the government extensive studies were made in Europe, in the Scandinavian countries and in the United States. Today, ministers responsible for social measures in other countries of the world undertake pilgrimages to this country to study the Canadian unemployment insurance program, and many are now instituting some of its features in their own countries. Let us not state, therefore, that these amendments constitute some sort of repressive, illiberal action by the government and by the honourable the minister responsible for this legislation. It is, on the contrary, with or without amendments, the finest program of its kind in the world. But we want a more efficient, effective act, and as well it is obvious that the present economic situation in the world, and consequently the situation in Canada, is such that ways must be found to have this nation live within its means.

Senator Grosart: And the government.

Senator Perrault: That is another inevitable, indisputable fact that emerges from the present situation in this country. The Opposition becomes righteously eloquent when they talk about the need to “increase benefits” and “add new categories,” and yet in the next breath they are on their feet demanding that the federal budget be slashed and that we effect savings.

Senator Grosart: You can do both.

Senator Perrault: They have yet to suggest one serious, major way in which unemployment insurance can be made, as they say, more "efficient." They talk in very airy, woolly terms about wanting to achieve "economies," and wanting to "save money," and wanting to make it a better program, but not once do they suggest those specific meaningful measures which will effect the kind of efficiencies, improvements and savings we require in this country in all our social programs to make them better and to assist the budget situation.

Senator Fournier (de Lanaudière): May I be permitted to put a question to the honourable leader? What did they do when they had the power in their hands?

Senator Perrault: Honourable senator, you raise a good point but you are capable of addressing yourself very eloquently to that point at some other time in this chamber.

If we could double the benefits, perhaps the government would do it. If we could extend benefits to the age of 90, perhaps the government would do it. Similarly, if we could further assist impoverished younger members of the work force, perhaps we would do it, but public resources are finite. Can the country afford to do everything, however, that our social conscience suggests should be done? That is a very fundamental question.

Senator Grosart: The answer is no.

Senator Perrault: Of course it is no. That is one of the more logical statements made by the Honourable the Deputy Leader of the Opposition today.

Senator Forsey: What has this to do with our objections?

Senator Perrault: And there is another point I want to make, though I am just about ready to resume my place because we want to hear from the minister.

Much gloom has spread around the chamber this afternoon, and there has been much talk about the "illiberal" attitude we have allegedly adopted towards people of 65 years and over. I deny that allegation. But let us also remember that many people in Canada question the nation's present ability to support a range of enriched social programs. Good programs are necessary, and I believe we can support them. Regarding senior citizens, this nation has as fine a program for senior citizens as any other nation in the world. Yesterday the Honourable the Deputy Leader of the Opposition said, "What about Scandinavia?" I would not trade our programs here for anything they have in Scandinavia.

Hon. Senators: Hear, hear!

Senator Perrault: Let us therefore keep everything in perspective. We are doing well with our social programs.

I will conclude by reiterating that you cannot demand more services, or demand that there be no cuts in any direction, and simultaneously suggest that we have to have major slashes in the budget. Those two goals are mutually incompatible, and more and more Canadians are discovering this to be the case. You cannot run a deficit of \$4 billion a year and then improve and extend all social benefits on the lavish scale demanded by the Opposition. There is a yawning credibility gap there, unless alternatives are advanced by the Opposition in ways that will lead

[Senator Grosart.]

to the major savings and efficiencies which they suggest are needed.

I must apologize for intervening in this way, but I have a passionate personal interest in this legislation since I was associated with it for so long; indeed, I have some scars that I incurred in the process of defending it during my years in the other chamber.

Hon. Gildas L. Molgat: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Molgat speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Molgat: Honourable senators, I will not extend the debate to any extent. I am delighted that my leader has spoken as forcefully as he has, and that he has put such an excellent perspective on the whole scene that is before us.

The criticism of the present bill that has come forward centred basically, as I saw it, on three elements. One was the share that the federal government puts into the unemployment insurance program; another was the change from age 70 to age 65, and the third one was the change from 75 per cent to 66⅔ per cent for claimants with dependants.

My honourable friends across the way did not at any time speak—or if they did, in only a fleeting way—about the positive elements of the bill. We constantly hear complaints in many speeches that the program is being abused, that it is being used as a welfare measure rather than an insurance measure, and so on and so forth, but nothing was said today on that aspect of it. I will not go over all the details, however. I will simply deal specifically with the three main elements that were discussed.

My honourable friends have simply not looked at the other side of the question, when we are dealing with claimants between the ages of 65 and 70, and the claimants with dependants. They simply have not looked at what has happened in this country in the past few years to assist those very people, and to assist them with programs of social reform—not through an employment operation, not through a program of unemployment insurance, but by a very fundamental change in the whole social approach. One needs only to look at family allowances and the increases that have taken place there. Here we are not talking about old times, we are talking about the period between 1971 and now. In those four years—

● (1710)

Senator Grosart: You are not talking about next year either.

Senator Molgat: We are talking about what has happened between 1971 and now. A family with three children between the ages of one year and six years in 1971 received \$18. That same family now receives \$66. This reflects a very fundamental change. If we go to the old age pensioner we find a situation where in 1971 the maximum payment under the Canada Pension Plan was \$65, whereas now it is \$130—twice the amount. And that has come about in a period of four years. Old age security has gone from \$80 to \$126, and if we talk about the guaranteed income supplement for a single person we find that it has gone from \$34 to \$88, and all that in the same period of four years.

Add to that the other measures that have been undertaken. One need only look at housing for old age pensioners. You will find that millions of dollars have been invested by the Canadian public, through this government, to provide not only adequate housing, but to supplement the rents payable. The federal government is providing excellent housing throughout this country, subsidized by the Canadian public, for our old age pensioners.

My friends on the other side, when criticizing the bill, are forgetting completely those other aspects. But that is the way in which we should be assisting our old age pensioners and our poor, not through an insurance program but through these other methods. And I believe that is what the government has been doing.

One particular criticism that has been made concerned the sharing between the federal government and others with respect to unemployment insurance. I mentioned at the outset of my speech that the federal government's share amounted to one fifth of the total back in 1941. The remainder was shared equally by the employers and the employees. But let us look at what has happened since then. Had we continued with the situation prior to the passage of this act, based on the expected rates for 1976 the shares for government, for employers, and for employees would have been as follows: government, 53 per cent; employers, 27 per cent; employees 20 per cent. That is under the threshold of four per cent. After the passage of this bill the new share divisions will be: government, 38 per cent; employers, 36 per cent; employees, 26 per cent.

I have mentioned the situation when this legislation was first introduced in 1941. As recently as 1971 the share was 41½ per cent each for employers and employees, and only 17 per cent was paid by the government. But under this new bill the government will be paying 38 per cent. So how could anyone say that this is regressive, that the government is not doing its share? It is simply a case of not looking at the figures.

Motion agreed to and bill read second time, on division.

CONSIDERED IN COMMITTEE OF THE WHOLE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Perrault: Honourable senators, under the agreement we made earlier it is now the intention to invite the Honourable the Minister of Manpower and Immigration to take a seat on the floor of the chamber to answer any questions with respect to this legislation. Under Rule 18 of the Senate, as honourable senators are aware, the minister—

... may on invitation from the Senate enter the Senate chamber and, subject to the rules, orders, usages, forms and proceedings of the Senate, may take part in the debate.

I hereby, on behalf of honourable senators, invite the minister to take his place on the floor of the Senate.

Senator Grosart: Are you going to move that we go into Committee of the Whole first?

Senator Perrault: I so move.

The Hon. the Speaker: It is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Sena-

tor Langlois that this bill be referred to Committee of the Whole presently. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

● (1720)

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Senator Macnaughton, P.C., in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Robert Knight Andras, P.C., the Minister of Manpower and Immigration, was escorted to a seat in the Senate chamber.

The Chairman: Honourable senators, on your behalf I welcome the Honourable Robert Andras, Minister of Manpower and Immigration, to our chamber.

Hon. Senators: Hear, hear!

The Chairman: The Senate is in Committee of the Whole on Bill C-69, entitled, "An Act to amend the Unemployment Insurance Act, 1971."

Shall discussion on the title of the bill be postponed?

Hon. Senators: Agreed.

The Chairman: Clause 1. I will ask the minister if he has an opening statement. Mr. Minister?

Hon. Robert Knight Andras (Minister of Manpower and Immigration): Thank you very much, honourable senators, for according me the opportunity to join you to discuss this important piece of legislation.

I must say at the outset that I find the oratory in this chamber more stimulating in many ways than that in the other. If ever I am offered the opportunity to join you some day, I will find myself in much more competitive company having regard to the level of discussion in the other place recently.

I listened with great interest to the concerns expressed by some honourable senators, whom I know and whose opinions I respect very much. I will come to those, because they are the ones that are critical.

I also noted with appreciation the presentation of the theme of the legislation by Senator Perrault and Senator Molgat, and the clarity with which they explained the views of the government in these amendments to an important piece of legislation.

I do not know what licence I have in addressing you. I shall take it that I have some, and leave you to stop me if I transgress.

I do agree with a comment made by both Senator Perrault and Senator Molgat with respect to the positive nature of the bill. I feel that, perhaps, there has not been a great deal of attention paid to what I consider two very positive aspects of it. Frankly, honourable senators, it is my view, with a sense of responsibility for the whole bill, that it is, in fact, positive, and I will not hide behind any of my officials by suggesting that this is some concoction of the officials of the Public Service. This is my bill, and the government's bill, and I take full responsibility for it.

I say that, honourable senators, not suggesting that certain passages of the bill bring any joy or pleasure to me or

the government in the necessity of proposing them. After all, within the government we are embarked—I think wisely—on the task of looking at our whole social security system. Primarily, that is under the responsibility of my colleague, the Minister of National Health and Welfare, but because many of the responsibilities of my department interface in a significant economic and social fashion, we are very closely associated with him.

The less controversial aspects of the bill, to which, in my opinion, Senator Forsey, Senator Macdonald and Senator Grosart have referred very sincerely—the ones that are joyless, and which I admit are joyless—are those pertaining to the amendment that would no longer have people of 65 years of age and older entitled to benefits, and the change in the dependency rate. I am quite sure that these figures will come out in more detail during the discussion, because I do not intend to speak for very long. However, I believe that the emphasis has to be on the fact that at some stage, if we in this fortunate and affluent nation of ours are going to continue to be capable of underpinning the weak, the unfortunate and the disadvantaged, we must do it in a rational fashion. We must put our resources into the programs which are best fitted to accomplish that and which do not confuse the issue. One senator made a very pertinent observation across the floor that we should really—and this has been said for years by most people who look at the plan with concern—try to make it an unemployment insurance plan and not a program that attempts to be all things to all people.

The dependency rate reduction from 75 per cent to 66½ per cent was a plan within the 1971 amendments, which permitted the additional benefit rate based on previous earnings to be payable to those with very low incomes. That represents two per cent of our total claim load. The additional dependency rate of 75 per cent was paid to those in the extended benefit period. Combined, those two represent 7.39 per cent of our claim load, but 0.2 per cent—two-tenths of one per cent—are in the low income group and they attract this additional benefit because they are in fact in the low income group. They will continue to get a minimum unemployment insurance benefit, assuming this bill is passed, but I believe—and I say this quite sincerely—that it is a moot point as to whether an unemployment insurance plan, which I consider to be a wage-related plan, should bear the additional burden of size of family.

I do not deny, I never would deny—and I will fight with anyone on the other side—increasing assistance under the appropriate program in recognition of size of family, which brings with it additional income needs. There is no argument about that, but if we really examine the principle, we are going to say then that wages and salaries should be related to the size of the family; we are going to say, if we continue to endorse the principle—which I consider to have been wrong in the 1971 amendments and which we are now attempting to correct—that wages should be based upon whether a person has two, three, four, five or six children. I happen to think that is the wrong way to provide what I admit is an income support need based on size of family. I do not think it should be a matter of consideration in a wage-related plan, which the unemployment insurance program should be.

I entirely agree with the thought that this should be provided by demogrants, to use the new jargon—in other words, by family allowances. Those family allowances have been trebled since the 1971 amendments. Indeed, it is an unfortunate necessity, decided by the government the other evening, that the indexing of the family allowance has to be suspended for one year. I frankly admit before you that that is a difficult and embarrassing position for me to be in with respect to this amendment. However, this amendment is an amendment to the Unemployment Insurance Act. What the government announced the other night is a necessary measure for one year, and the indexing will pick up from there.

So, I believe that we are trying by these amendments—the controversial ones that have been attacked—to return the program to being an insurance program, and not a welfare or a social program that is all things to all people.

The same principle really applies to the age of 65. It was established in 1971 that there would be an age at which unemployment insurance premiums would no longer be payable, and also that unemployment insurance benefits would no longer be payable, and that age was 70. At that time in the debates there was a great deal of discussion as to whether it should be age 70, or age 65, and as I interpret or analyze the discussion of only four years ago, age 70 was chosen because the Canada Pension Plan was not going to mature until 1976. This amendment is effective in 1976, at a time when the Canada Pension Plan has matured, and, as pointed out by preceding speakers, the Canada Pension Plan, the Old Age Security and the Guaranteed Income Supplement have been raised very considerably. In addition, in amendments to the Canada Pension Plan Act earlier this year there was a change which permitted the drawing of Canada Pension Plan at age 65 without a means test or a needs test. So, consequently, at age 65 all people are now able to get that additional income without a means test, whether or not they are working. In addition, as honourable senators know, there has been a change, making spouses of pensioners eligible from the age of 60.

● (1730)

To give honourable senators some indication of the magnitude—apart from the individual figures that were placed on the record by, I believe, Senator Molgat—in 1971 the government's expenditures in Canada Pension Plan, Old Age Security and Guaranteed Income Supplement were approximately \$2.2 billion a year. In 1975, totally directed to those age 65 and over in the Canada Pension Plan, the Guaranteed Income Supplement and Old Age Security, the annual amount will be \$4.3 billion. That is an increase of \$2 billion a year directed towards people 65 and over, plus their spouses who are now eligible provided they are over 60. That is a 90 per cent increase, honourable senators.

It is always difficult to rationalize—a word I sometimes do not like very much, but it expresses what we are trying to do here—between the social and income maintenance programs of this country, to try to keep the right eggs in the right basket, if I might use that expression, because if we do not watch what we are doing in these programs we will have overlaps and the most impossible distortions, and we will end up like other countries, which shall be nameless in this forum, which have totally run out of control, even despite the best will in the world. I do not doubt their

sincerity. I also want to help those people, but I want to do it through the right programs and not through an unemployment insurance program.

The final controversial amendment is the threshold change. It is really very simple. We are going to pay out \$3.4 billion in unemployment insurance this year. Last year it was about \$2.1 billion or \$2.2 billion. Of course, it is greatly influenced by the significant rise in unemployment, but that is not all. There is in the act an automatic escalation of the eligible earnings and, therefore, the maximum benefits. They will be \$200 a week in 1976, because they are related to the average of all the T-4 slips of wage earners in this country, as supplied by National Revenue. That figure is also escalating automatically. So there are built-in escalations in the program. In fact, in 1974, when unemployment came down from the previous year to a level of 5.4 per cent, the total benefits went up, and people asked, "How come?" First, there is a rapidly growing labour force, and 5.4 per cent of that labour force, in numerical figures, is somewhat higher in absolute terms than the previous year. We also have these other escalations taking place. The figures are absolutely accurate. We will still end up projecting, for illustration purposes, a 7 per cent rate. Thirty-eight per cent of the share of the cost will be borne by government, 36 per cent by employers, and, if I recall correctly, 26 per cent by employees.

We had to raise more money for the funding of this program. We had the choice of doing it through general taxation or through the premium increase which will be the result of this amendment. One can argue about regressivity. We had already established the principle of tripartite sharing of the cost of this program. That is the fundamental issue which should be discussed some day, as to whether this should be totally borne by the Consolidated Revenue Fund or whether it should continue to be a tripartite arrangement. That debate has not been entered into. It probably will be before long, because there are further adjustments and analyses to be made which will be more comprehensive than those we have done to date.

That is the fact of the matter, honourable senators. We had to raise more money. It was a choice of having an additional premium, changing the threshold, or going for a general taxation measure. I doubt whether, in the end, the difference in actual effect will be so great. This "terrible burden" we are being accused of inflicting upon the poor by imposing the additional premium will amount to six-tenths of one cent per hour—six-tenths of one cent per hour for an employee making \$100 a week on a 40-hour week. That is the burden—six-tenths of one cent per hour. For the employer it will be about nine-tenths of one cent per hour. Honourable senators can double that for the maximum range, which, as I said, will be \$200 in 1976. In my view, there is more smoke than fire in the accusation that this is placing an intolerable, unconscionable burden on the backs of the poor by introducing an additional premium of six-tenths of one cent per hour. At \$100 a week the total cost of the premium is, I think, three and a half cents per hour. At \$200 a week, which is a more decent income, it will be double; and that is where it stops.

If honourable senators want to compare that, from \$200 a week up they stop and there is a ceiling on their premiums. If honourable senators look at the benefits drawn, the

whole picture totally reverses itself, because most of those benefits, 60 per cent to 70 per cent, go to those earning less than \$6,000 per year.

Honourable senators, I may have abused my privilege in talking too long. I am quite sure there is a great deal more information you will want from me, and I will do my best to try to answer questions as candidly as possible.

The Chairman: Shall clause 1 carry?

Senator Grosart: Mr. Chairman, may I ask the minister if he does not find a basic contradiction in his argument that the benefits should be wage related and not family related, because then he turns around and gives us a very long defence in the matter of the over 65s by saying, "Oh, no, in this case it should not be wage related. We had to relate it to the fact that there are family allowances or pensions." The minister is arguing both ways, but he cannot have it both ways.

Hon. Mr. Andras: No, I am not. I do not see any contradiction in that. In certain ways they are two separate issues. The dependency rate reduction is one. For people still in the labour force who have family allowances, that is a demogrant of one nature recognizing family size. But the fact is that, for good or bad, in this country we have established age 65 as the age at which all our so-called senior citizen programs begin to converge, and we now have Guaranteed Income Supplement, Old Age Security, Canada Pension Plan, the Quebec Pension Plan, senior citizens' housing, tax exemptions, and all the rest of it.

There is a point at which it becomes totally impossible to administer an unemployment insurance plan which requires the search for and acceptance of suitable work. This is not the only reason we have made this change, but I must say, to place these figures on the table, we have done an analysis of the labour force statistics produced by Statistics Canada for some length of time. We note that the average number of persons of 65 and over declaring themselves unemployed to Statistics Canada was 7,000 at the end of every month in 1974. Our unemployment insurance claimant rolls indicate that 17,500 persons were drawing regular benefits. This number did not take into account sickness, and a rather insignificant number of pregnancies.

Now, we do know that at age 65 there is a great tendency towards withdrawal from the labour force. In 1971, prior to this amendment to the act, because the Canada Pension Plan was not available at age 65 except with a means test, if an individual lost his or her job, or decided to resign or retire at age 65, that individual had the choice, as far as the Unemployment Insurance Commission was concerned, of taking Canada Pension Plan benefits and getting three weeks' benefits, which was considered a return of premium, or not to take that and, instead, apply for unemployment insurance benefits.

● (1740)

People very quickly realized that it was a lousy bargain to take the Canada Pension Plan benefits at that stage and the three weeks' premium when they could end up having both over a period of time. Unfortunately, that is what happened. Now, of course, Canada Pension Plan benefits are available at age 65 without a means test. We have to accept that it is logical that at a certain age people should no longer pay into the plan or draw benefits from it.

There is not one provision in this bill which would prevent a person from working; nor is there anything which would deny any person access to a job by virtue of these amendments.

Senator Grosart: A supplementary question, Mr. Chairman, if I may. If the concept of the plan is that it be wage-related—and as you have said, Mr. Minister, this amendment will not in any way prohibit anyone over 65 years of age from taking a job—surely there is a great contradiction here? If that person wishes to take a job, wishes to earn wages, is there any reason why he or she should then be discriminated against and not be given the same right as anybody else to insure his or her wages? Is this deliberately intended to be a disincentive aimed at keeping those over 65 years of age out of the labour force?

Hon. Mr. Andras: I can honestly say that this was not intended to be a move by which we would discourage people 65 years of age and over from seeking work. There are, as you know, many firms and corporations in this country which impose compulsory retirement at age 65, and that measure is contained in many union agreements. I think this bill is absolutely neutral and benign insofar as that particular theme or theory is concerned. There is no doubt about that. It does recognize, however, that through other social programs there is a convergence of incomes support starting at age 65. I would use my argument about wage relationship much more heavily in respect of the dependency amendment than I would on the amendment disqualifying those 65 years of age and over from benefit under the act.

Senator Grosart: I still do not understand, Mr. Minister, what the other social benefits that may be available to a person over 65 years of age have to do with that person's right to work and obtain wages and insure those wages. Surely this is discrimination, in this respect at least, against that person? He is denied a right that every other Canadian has.

Hon. Mr. Andras: He has assumed certain rights that every other Canadian does not have, too, senator. At age 65, we have deliberately and, I think, properly discriminated against people younger than 65 years by saying that those who are 65 years of age and over are entitled to pension plan benefits, albeit contributory, but also OAS and GIS, senior citizens' housing, and tax exemptions paid for by the state and, therefore, by other taxpayers.

It becomes almost impossible to enforce one of the obligations under the act, the active job search. It is brutal for us to monitor people of that age and send them out to search for work in the same fashion as we do younger people, to tramp around knocking on employers' doors when, unfortunately, in this country it gets more difficult to get a decent job as you get older. When we have 7,000 actually telling Statistics Canada that they are unemployed and 17,500 to 20,000 drawing unemployment insurance, it is obvious that many of these people themselves have withdrawn from the labour force. They are not telling us that, of course. Because of that, we have to disentitle them under the act, and to disentitle them under the act we have to monitor them by the very tough, very firm approaches that we take under the act to people much younger. That is not the only reason we are making the changes, but it is an additional difficulty.

[Hon. Mr. Andras.]

The Chairman: Senator Macdonald.

Senator Macdonald: I have just two questions, Mr. Chairman. The proposed subsection 3(1)(e) states:

"(e) employment in Canada of an individual as sponsor . . ."

If there are two or more persons sponsoring a project, would only one be covered by the act?

Hon. Mr. Andras: Under the programs to which this will apply, only one sponsor would be covered. As was announced the other night, this will not be applicable anyway in 1976 in respect of the Opportunities for Youth program. The Unemployment Insurance Act has not been applicable in that area. Officials of the Justice Department told us that such individuals were co-adventurers and, therefore, were not eligible for unemployment insurance benefits, apart from the sponsor, but those coming under a Local Initiatives Program were—which seemed unfair.

Senator Macdonald: Can you give us the actual number of people over 65 years of age who will be affected by this measure?

Hon. Mr. Andras: There will be 170,000 persons affected, which number includes 63,000 active claimants between 65 and 69 years of age whose claims will be terminated—that is about 2½ per cent of our claimants—64,000 between ages 65 and 69 still working who will be eligible for the special retirement benefit but no longer eligible for unemployment insurance benefits, and, we calculate, about 42,000 who will reach the age of 65 in 1976. That is our total active claim roll.

As I indicated a few minutes ago, last year we averaged 17,500 at the end of every month who were, in fact, over 65 and drawing regular benefits.

Senator Macdonald: Am I correct in assuming that the total saving would be \$170 million a year?

Hon. Mr. Andras: The total net saving as a result of all the amendments will be \$170 million a year, of which \$120 million is attributable to the amendment affecting those 65 years of age and over. That is the net figure after the payment of the three weeks' retirement benefits, which recognizes, to a degree, a return of premiums.

Senator Grosart: Is that the net so-called saving?

Hon. Mr. Andras: The net saving in relation to that one amendment, based on a 7 per cent unemployment rate, and with all the other variables calculated—that is, the eligible earnings, and so forth, and our experience of the average weekly benefit for people in that age group—is \$120 million net.

Senator Forsey: For this one provision?

Hon. Mr. Andras: Yes.

Senator Forsey: So, that is a major part of the total saving?

Hon. Mr. Andras: Yes, indeed it is, senator.

Senator Forsey: Have you any idea, Mr. Minister, in what parts of the country these people may be more heavily concentrated?

Hon. Mr. Andras: No, I do not. I can only give you an intuitive response, senator. It would be generally related to

the age mix. There are some variations. I understand that people retire more in Victoria than they do, for instance, in Thunder Bay. There may be a social significance to the distribution, but I regret that I cannot give you that breakdown.

Senator Forsey: Mr. Chairman, I should like to move that subclause (2) of clause 1 be deleted. I should perhaps add that there is a later clause related to this which involves the same point, and I shall be moving a similar amendment to it.

● (1750)

The Chairman: Has the honourable senator anything further to say before I call for the vote?

Senator Forsey: No, nothing further.

The Chairman: It has been moved by the Honourable Senator Forsey that subclause (2) of clause 1 be deleted. Those in favour of the amendment will please rise.

Senator Fournier (de Lanaudière): If you will permit a question, Mr. Chairman?

The Chairman: Yes, Senator Fournier.

Senator Fournier (de Lanaudière): I rise on a point of order. When an amendment or anything is proposed in the Senate, or in the other place, is it not necessary to have a seconder?

The Chairman: I do not believe that is so in the Committee of the Whole.

Senator Fournier (de Lanaudière): So anyone can propose an amendment without a seconder?

The Chairman: I am sorry; I believe that the Honourable Senator Fournier is correct. Is there a seconder?

Senator Macdonald: I will second it.

The Chairman: Seconded by Senator Macdonald. Those in favour of the amendment will please rise.

The Clerk: Four.

The Chairman: Those against will please rise.

The Clerk: Seventeen.

The Chairman: I declare the amendment lost. Shall clause 1 carry?

Hon. Senators: Carried.

The Chairman: Clause 2. Shall clause 2 carry?

Senator Grosart: This is the clause, as I understand it, concerning the self-employed. There is a change here from 50 per cent to 40 per cent, Mr. Minister. What is the purpose of that change, and what is the net saving?

Hon. Mr. Andras: We have not calculated the saving. We do not consider it to be significant in relation to the sums we are talking about, Senator Grosart. The reason for it is the recognition of one or two attempts, and there may be other attempts in the future, where there is a 50-50 shareholding, were one partner—perhaps not in the legal sense a partnership, but in the corporate sense—in a private company would say to the other, "Look, I am firing you so you can go on unemployment insurance," and then he carries on. This does not totally get rid of that possibility but, at least, it means that there has to be collusion or a genuine

decision between more than two people, where the shareholdings are limited to 40 per cent.

Senator Grosart: Thank you.

The Chairman: Shall clause 2 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 3 carry?

Senator Grosart: Do not go too quickly, Mr. Chairman. On the government side they have so many people examining this and raising questions, but we are very few on this side. Perhaps you will give us just a little time.

An Hon. Senator: Where are your members?

Senator Grosart: I thought someone on the other side would be looking at the bill too.

Senator Fournier (de Lanaudière): It is not so much a matter of looking at the bill as it is of intelligence.

Senator Choquette: Is that why you moved to that seat?

Senator Fournier (de Lanaudière): I just wanted to come close to the honourable minister in order to lose nothing of what was said.

Senator Choquette: We usually hear your applause way back there.

The Chairman: Order, please.

Senator Fournier (de Lanaudière): I presumed he was an intelligent man—

The Chairman: Order, please.

Senator Fournier (de Lanaudière): —and I came close to verify it, and I was right. You can think what you like.

The Chairman: Order, please.

Clause 3. Shall clause 3 carry?

Senator Grosart: This is a disentitlement clause which covers a good many clauses. I wonder if the minister would be good enough—particularly as it is consequential to clause 19—to give us a general indication of the changes in entitlement that will come under this clause.

Hon. Mr. Andras: Senator, there are really no changes in entitlement, or disentitlement. What we are doing—and it is in the face of considerable comment over the years, not only on this legislation but other—is that we are lifting the definition of criteria for disentitlement and, therefore, the criteria for entitlement, out of the regulations and putting it clearly in the act itself.

Senator Grosart: Is there no extension of disentitlement anywhere in the bill before us?

Hon. Mr. Andras: Only the three- to six-week disqualification.

Senator Grosart: That is the only addition to the disentitlement?

Hon. Mr. Andras: That is correct.

The Chairman: Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 4 carry?

Senator Grosart: This is the extension of the aggregate of the qualifying time to 104 weeks. What is the reason for the 104 weeks, Mr. Minister?

Hon. Mr. Andras: This was at the request of several of the provinces and very many organizations, senator. We had thought, because of the reduced qualifying period—that is, the eligibility of number of weeks worked—that we did not need this in 1971. For instance, when a workman's entitlement to workmen's compensation ends, we often find that the period in which a claim could be made has expired. So, he has lost all his entitlement, and yet he still has the same basic problem of searching for work and needing income support after the workmen's compensation has expired.

The more controversial one, to which you referred in your speech on second reading—if I am permitted to make that reference—with regard to incarceration, has been included at the request of many provincial governments and many organizations throughout the country, recognizing the short sentence situation where a person who might be sentenced to a year has an additional 52 weeks in which the entitlement is retained that he has earned through legitimate work activity before going into prison. When he comes out he still has the other 52 weeks in which to claim whatever entitlement he has built up.

Senator Grosart: Would the same reasoning apply to the next clause, which extends the benefits?

Hon. Mr. Andras: Yes, that is a consequential change.

The Chairman: Shall clause 4 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 5 carry?

Hon. Senators: Carried.

The Chairman: Clause 6.

Senator Forsey: Mr. Chairman, this clause involves the other provision of the bill to which I took strong objection, and I, therefore, do not wish to repeat my reasons for that. I have one question to ask the minister. What is the saving expected to be under this provision? Has he any idea what parts of the country it would affect most?

Hon. Mr. Andras: Again, I have to base all this on a fixed, illustrative level of unemployment, at 7 per cent, and the savings would be \$30 million, Senator Forsey.

I can only give you the geographic breakdown in comparative terms. It is about \$3½ million in Newfoundland, about \$200,000 in Prince Edward Island, about \$1.4 million in Nova Scotia, about \$2.3 million in New Brunswick, about \$12.4 million in Quebec, about \$6.4 million in Ontario and about one-half million dollars in Manitoba and in Saskatchewan and Alberta, about \$2.3 million in British Columbia, and about \$100,000 in the Northwest Territories and the Yukon.

Senator Forsey: Thank you very much. I move that clause 6 be deleted.

Senator Grosart: Mr. Chairman, before you put the motion, I wonder if I could ask a supplementary question. Do I understand that this clause will not come into effect automatically on royal assent but will await proclamation?

[The Chairman.]

● (1800)

Hon. Mr. Andras: There is only one clause which will come in automatically on royal assent and that is the one including those on direct job creation as sponsors. There is a group of amendments which will come in by proclamation either on January 1 or January 4, 1976. I cannot give you the precise date at the moment. There are some benefit periods affected here and we have to work it out. The voluntary termination of claim will come into effect on January 1 or 4. It is only with respect to two clauses that the implementation and proclamation will be postponed. In other words, there is the extension to the 104 weeks which we discussed a minute ago, and the flexibility of sickness. The reason for that is that there is a considerable and complex computer programming element required in those two aspects of it. While my officials tell me that it will probably be June or July, I am pressing them to do it sooner than that. But one thing I do not want to get involved in is the administrative difficulties we faced in 1971 and 1972 when the commission was forced to implement a very complex bill and complex changes too quickly, which simply had the effect of creating chaos for a short period of time. Most of the recommendations will be implemented within a matter of two or three weeks, assuming the bill receives royal assent.

Senator Grosart: Would this be a single proclamation covering this large group?

Hon. Mr. Andras: Yes, each section will be identified, but there probably will be a group proclamation published in the *Canada Gazette*.

The Chairman: Honourable Senator Forsey moves, seconded by the Honourable Senator Macdonald, that clause 6 be deleted. Will all those in favour of the amendment please rise?

The Clerk: Five.

The Chairman: Will all those against the amendment please rise?

The Clerk: Seventeen.

The Chairman: I declare the amendment lost. Shall clause 6 carry?

Hon. Senators: Carried.

The Chairman: Clause 7.

Senator Grosart: Mr. Minister, would you mind explaining this clause? As I understand it, it provides that claimants cannot claim sickness benefits after they leave the labour force. How does someone technically leave the labour force?

Hon. Mr. Andras: We just want it to be absolutely clear in the act, senator, because on occasion we have had claims from students who, having built up an entitlement, had left the labour force and gone back to school. We want to make it absolutely clear that that is not what was intended in the philosophy or the program of the act.

The Chairman: Shall clause 7 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 8 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 9 carry?

Senator Macdonald: Would any great saving be effected by reducing the time to one day in respect of workmen's compensation? What would be the estimated saving in this amendment?

Hon. Mr. Andras: There is no saving on this whatsoever, senator. As a matter of fact, this amendment is put in to remove a precise legal technicality which we ran into by which, in fact, we were barred from paying unemployment insurance to people we considered clearly entitled to it, simply by virtue of a highly technical wording: "total temporary" as opposed to "temporary total." It was incredibly complex and, with respect to our learned friends, I thought it was a silly legalistic problem and we have corrected it in this bill. But there is no saving involved.

Senator Macdonald: Thank you. You have made it very clear.

The Chairman: Shall clause 9 carry?

Hon. Senators: Carried.

The Chairman: Clause 10.

Senator Bélisle: Under clause 10(4) would it be possible for the claimant reaching the age of 65 to be refunded the money he has paid in if he has not collected anything and if he has been a payee for a long time?

Hon. Mr. Andras: No, it would not, senator, and if I may venture to say so, that would be an absolute distortion of the insurance principle of the act. It is in fact term insurance just as there is a term on certain life insurance or on homes for fire insurance, and so forth. It would be most difficult to keep this program even close to being actuarially sound if people who had paid in over the years were entitled to get back all of their benefits. We do recognize, however, the gap in the 65th year when a claim would be terminated upon reaching age 65, as indeed we recognized in the 1971 act at age 70, when we are returning three weeks of benefits which really amount to in excess of two years of premium payments.

So, it would be an actuarial distortion to recognize the idea that people who had paid in over the years should get their payments back because they were fortunate enough never to have faced a temporary interruption of their earnings.

Senator Grosart: Mr. Minister, has an estimate been made of the total in dollars of the locked-in premiums from people now 65 or assumed to be over 65 as against the benefits they have drawn? I ask the question because obviously these persons, in paying premiums over the years, did not expect this sudden, drastic decision by the government to dash their expectations to the ground. They assumed that they were paying premiums the benefit of which they would be able to get so long as they remained in the labour force. Has any attempt been made to get the amount of money that is locked-in without any future benefit?

Hon. Mr. Andras: Senator Grosart, a person aged 65 now who had paid into the plan since its inception, which I believe was in 1940 or 1941, would have contributed something in excess of \$1,400 in premiums, as a maximum, at the maximum level during those years. The average we

note is that people over 65 draw a higher per weekly benefit than people under 65, in the ratio of about \$87 a week to the average of \$80, and they draw for 31 weeks compared to the average of about 68 weeks.

That amounts to about \$2,800 to \$2,900 in unemployment insurance benefits, and I think it does tie back to my unfortunate interpretation that there is a greatly excessive number of people drawing unemployment insurance at this age compared to those registered with the Canada labour force, particularly as being unemployed. But this is being used in fact as a supplement to pension plans. I certainly accept the argument, but I cannot agree with the opinion that because you have paid into the plan for a certain length of time there is an automatic entitlement either to the benefit or to a return of premiums.

Senator Grosart: Surely the minister would agree that this is not an ordinary case of term insurance, to use the phrase he has used. This is a case in which suddenly the termination date was determined by someone else and it had nothing to do with the original contract or the original understanding. These people assumed when they first became contributors that when they reached a certain age they would receive benefits. When they first became contributors, when they first entered into employment, they said, "I will pay these premiums." And suddenly the government says, "You are wrong. We have changed our minds. We have changed the plan. We have changed what was essentially a contract with you." And this is done unilaterally. Can I say this, that I was not impressed with the argument that people in this age group are now high level beneficiaries, because they were not always in that age group? That is the point I am making.

● (1810)

Hon. Mr. Andras: I did not intend to impress the honourable senator in a psychological way with that statement. It was simply an attempt to state some facts that I thought might be useful. I simply cannot accept, personally, the idea that when you pay a premium for this week you are entitled to unemployment insurance for this week. It is clearly term insurance. The principle of the arbitrary or unilateral cutoff, which the honourable senator is referring to, surely was established at age 70 in 1971 when a threshold age, at which the entitlement age would cease, was first introduced, as far as I know, in the Unemployment Insurance Act.

Senator Grosart: Let me make this comment. I have entered into a term insurance plan which is still good for a couple of years. I am paying in annual premiums. I would object strenuously if the insurance company now said, "We are sorry, but you cannot pay in any more premiums. You cannot have that protection for the last two years," when, as far as I know, these are the years when I will need them the most. It is exactly the same thing.

Hon. Mr. Andras: The honourable senator perhaps has a point. I can only establish that that principle was adopted in 1971 at age 70, when certain other social security measures were not yet available, and weighing this in the balance we have had to make this decision and make this recommendation.

Senator Macdonald: I am wondering whether there is any special reason why the special severance benefit is for

three weeks. Why three weeks? Is that figure drawn out of the air, or is there something behind it?

Hon. Mr. Andras: It is a continuation of the three weeks' special retirement benefit in the 1971 amendments which were based on the recognition that the same problem applied at age 70 as to the sixty-ninth year, or as to the seventieth year, from age 69 up. It is now being applied to the 65-year-olds for the sixty-fourth year. The argument was then presented, which may still be valid, to try and breach that gap between application and processing by the administrator of the Canada Pension Plan, and before old age security, to get those payments rolling, as it were, or moving towards the person reaching that age.

The Chairman: Shall clause 10 carry?

Senator Forsey: If I might say so, on division. Had my previous amendment not been defeated I should have moved a similar amendment on this clause, but it is now obviously ridiculous to do so.

The Chairman: Clause 10 carried, on division.

Clause 11. Shall clause 11 carry?

Senator Grosart: Perhaps we might have an explanation here. This is the clause that deals with sickness benefits and the change from 29 to 39 weeks.

Hon. Mr. Andras: We found that this had been rather rigid in the 1971 amendments, in that major claimants could be entitled to 15 weeks of sickness benefits, although they had to draw them only in what was called the initial period, which under the act is the first 29 weeks. This is being extended to 39 weeks. We believe that the amendment will provide an incentive to work, since the employee would lose entitlement if he took, say, 10 weeks off work and extended it over the expiry day of the entitlement period. We feel it is an incentive for people, when they are capable of going back to work, to do so, without jeopardizing their entitlement.

The Chairman: Shall clause 11 carry?

Hon. Senators: Carried.

The Chairman: Clause 12. Shall clause 12 carry?

Senator Macdonald: Just one thing. I notice that the rate of the extended benefits is 66% of the average weekly insurable earnings, or \$20, whichever is the greater. Will there be many people drawing so little that they are getting \$20?

Hon. Mr. Andras: That \$20 does not have effect now, senator. It was dealt with at a time when one of the provincial minimum wage rates was such that it could produce this 66% per cent and that kind of figure; but it really has changed now, since all the provinces have raised their minimum wage rates to a considerable degree. The \$20 figure would no longer apply. The minimum now would be \$33 or \$37. I guess it is \$33.

Senator Grosart: May I ask the minister if there is a significant saving in this reduction from 75 per cent to 66% per cent?

Hon. Mr. Andras: That is the \$30 million a year that I referred to a few minutes ago.

Senator Grosart: This is not the dependent one.

[Senator Macdonald.]

Hon. Mr. Andras: There are two sections to that one. This is the dependency rate, and the extended benefits period. The other one was in the initial benefit period. It is part of the same amendment.

The Chairman: Shall clause 12 carry?

Hon. Senators: Carried.

The Chairman: Clause 13. Shall clause 13 carry?

Hon. Senators: Carried.

The Chairman: Clause 14. Shall clause 14 carry?

Hon. Senators: Carried.

The Chairman: Clause 15. Shall clause 15 carry?

Senator Macdonald: With regard to clause 15, there are two matters I want to raise. The claimant must come for his interview. I want to know how the notice of the interview is given. Must the manager at the unemployment insurance office, for example, have some proof that the claimant has received that notice? Secondly, is suitable employment determined by the manager of the unemployment insurance office?

Hon. Mr. Andras: This is the section raising the disqualification period from three to six weeks. This deals with the person who voluntarily quits his job without just cause, or refuses suitable work. The first indication of that, of course, would flow from the separation certificate by the employer, and when that indicates quitting without cause it raises a question and a notice is sent to the claimant. It is assumed by the fact that that notice is mailed that it has been received, but I would add that the person immediately has access to a formal appeal to the board of referees, and then, under certain conditions, to the umpire, who is a member of the Federal Court. There is, however, an informal appeal. The claimant may appear at the Unemployment Insurance Commission office and put his case before the insurance agent. This whole appeal system is under review now, and I expect a report by early next year from two sources, namely, our Unemployment Insurance Advisory Committee, and the Law Reform Commission. The preliminary information I have is that on examination both of these bodies are not dissatisfied with the present appeal system, but that they may make—and I hope they will—some fundamental recommendations to me.

Senator Grosart: I would like to ask the minister a question regarding what will be section (40(1)(e) of the act, whereby a claimant is disqualified from receiving benefits if without good cause he has failed to attend a course of instruction or training. Does this provide authority for compulsory attendance at training in a specific craft or industry?

Hon. Mr. Andras: No. It is not a compulsory attendance in that sense. It is certainly a strong suggestion that he would be wise to attend. He could make that decision of his own free will, but under this clause he attracts the disqualification for, up to now, under this amendment, six weeks' benefits.

Senator Grosart: So he is penalized the number of dollars that he would have got for those six weeks, if he does not go on this course. Is that how it will operate?

Hon. Mr. Andras: That is essentially correct, yes.

The Chairman: Shall clause 15 carry?

● (1820)

Senator Norrie: Mr. Chairman, if a claimant asked for a chance to attend Normal College, or college of any kind would such a person be disqualified and not get any unemployment insurance if he or she were to go to college right after?

Hon. Mr. Andras: Yes, but that has not been the result of a joint discussion and decision by the Unemployment Insurance Commission as to the attendance at a course. If it is not that, then the person is considered to have removed himself or herself from the active job search. If there was *prima facie* evidence of such taking place then they would attract a disentitlement in this case rather than a disqualification—because they are two different things.

Senator Grosart: Has the commission or the ministry developed any definitions of "suitable" employment? It is a matter that is raised from time to time on the assumption that claimants will refuse all jobs and find nothing suitable. How would this be applied, and how would the definition of "suitable" be applied in respect of the penalty under this clause?

Hon. Mr. Andras: There is no single definition, senator, but there are 35 years of jurisprudence, and—as we did, I believe, before the standing committee of the other place—we would be glad to table the extracts from the jurisprudence. I do not know what your procedures are for receiving such documents, but I would be glad to furnish you with that. It is, as I said, based on 35 years of jurisprudence, and there is a wide range. Each case has to be considered by itself, but it is not a case of a whim or fancy of the Unemployment Insurance Commission. It is subject to judicial scrutiny by the appeal board and, indeed, it can go as high as the Federal Court.

The Chairman: Shall clause 15 carry?

Hon. Senators: Carried.

The Chairman: Clause 16. Shall clause 16 carry?

Hon. Senators: Carried.

The Chairman: Clause 17. Shall clause 17 carry?

Senator Macdonald: There would appear to me to be somewhat of a contradiction here, in that a claimant is not entitled to receive benefit for any period during which he is the inmate of a prison or a similar institution. But the idea of this bill, according to the first reading, was that it would allow payments to persons in public institutions which are not penal institutions. Would that cover cases, for example, where a person is not in a penal institution but is in an institution for, let us say, the treatment of alcoholism, or something of that nature, on a temporary basis?

Hon. Mr. Andras: The act, as amended in 1971, really prohibited us from paying benefits to people in institutions of a penal nature, homes for unwed mothers and that kind of thing—that is the sort of thing we are trying to tidy up now—but a person in for alcohol rehabilitation would receive sickness benefits under this.

Senator Grosart: Apparently, there is an exception made in section 31 of the act to the implementation or to the effect of clause 17. Here I am referring particularly to the

prohibition of benefits when a claimant or other beneficiary is not in Canada. Are there any circumstances in which unemployment benefits can be paid to somebody who is not in Canada? In other words, are there exceptions under section 31 of the act?

Hon. Mr. Andras: Yes, there are federal government employees in the armed forces and so on. There are also some reciprocal agreement arrangements. It involves rather a small number, but there are some of that nature.

Senator Grosart: Can a person be unemployed in the armed forces?

Hon. Mr. Andras: It applies more to sickness and maternity.

The Chairman: Shall clause 17 carry?

Hon. Senators: Carried.

The Chairman: Clause 18.

Senator Grosart: This is the clause that provides that the federal government can recover welfare payments advanced to claimants in the same way as provincial and municipal governments can recover them. My first question is this: Was this not provided for before? Have we lost the opportunity to recover some money here because it was not provided for? Secondly, what is the manner in which these advance payments are recovered? Thirdly, what is the nature and what are the circumstances in which advance payments are made from the unemployment insurance fund to those who subsequently become in receipt of welfare payments and are required to repay them?

Hon. Mr. Andras: It is the other way around, senator, if I may say so. It refers to welfare paid and recovered from entitled unemployment insurance benefits paid. We do have situations with native people in remote areas where other departments of the federal government, Indian Affairs particularly, or, of course, the Yukon and Northwest Territories welfare departments, which are not provincial and are of the same jurisdiction, make advances which, either because of an administrative delay or disputed claims, eventually are resolved in favour of the claimant. We are now ensuring that the federal government has the legal right to get that money back because there was some fuzziness in the previous act.

Senator Grosart: In other words, the recipients are using the expected unemployment insurance benefits as a receivable.

Hon. Mr. Andras: Yes, that is a good way to describe it.

The Chairman: Shall clause 18 carry?

Hon. Senators: Carried.

The Chairman: Clause 19.

Senator Macdonald: In clause 19 we have the actual procedure for a person to apply for unemployment insurance. He has to do it at the office of the commission, which is the unemployment insurance office in that district. There, the claimant must fill out an application form. Is the unemployment insurance office the only place where he can get that form, and must he apply in person for it?

Hon. Mr. Andras: He can get it from post offices, when they are open, from Canada Manpower centres, and we have also made distributions to large employers where

there is a layoff possibility or a history of layoffs and that sort of thing.

Senator Macdonald: I know that should be so, but I must inform the minister that it is not always the case.

Hon. Mr. Andras: Well, senator, I would be very keen, as I have said in the other place, to look after any specific cases that might come to our attention. I say this although I know that the commission is doing its best to prevent this type of occurrence.

The Chairman: Shall clause 19 carry?

Hon. Senators: Carried.

The Chairman: Clause 20.

Senator Grosart: Mr. Chairman, since the appeal procedure is provided for here in subclause (2), would the minister give us a general overview of the rights of a claimant to appeal first-round decisions in respect of unemployment?

Hon. Mr. Andras: Any claimant who disagrees with the decision of the commission has a right of appeal with regard to payment of his or her benefits, or any decision about qualifications under the measures that we have given some attention to in the last few minutes, or disentanglements, or decisions about requirements to pay back overpayments. They are appealable in the informal administrative sense, first to the insurance officer of the commission at the office where he is dealing and where his claim file is located. Many of these are adjusted at that stage, where there has been a lack of information, or where there has been bad information or misinterpretation and the clarification indicates to the insurance officer that it is in order. The formal appeal is against the decision of the commission at that stage where they can appeal to the board of referees. We have vastly expanded the number of boards of referees throughout Canada because of the vast expansion of our clientele, as it were, or eligible people, since 1971, and because of the increased unemployment levels. I cannot give you the figures offhand, but I believe they have more or less doubled during the last two or three years, and we have entered into a considerable training program for members and chairmen of boards of referees.

● (1830)

A board of referees consists of three members. One is selected by the employee organizations in the area, recommended usually by the unions; he is a representative of the employee in that sense. One is the representative of the employers, and the employer organizations usually recommend someone. The chairman is selected as a neutral by us, through recommendations to the commission and, finally, by order in council. We check on candidates, and particularly prospective chairmen, regarding the possibility of conflict of interest in these types of proceedings, and the system is working reasonably well now. If there is a minority dissent from a decision of a board of referees to deny an appeal, one of the three members saying that the appeal should be allowed, the appellant may take it further, to the umpire, who is a judge of the Federal Court. If, in a majority decision or a unanimous decision of a board of referees, the appellant still feels the decision to be incorrect, he can appeal again to the chairman of the board

[Hon. Mr. Andras.]

of referees. Only on the recommendation of the chairman, where there has been a unanimous report, can he take it to the umpire. Exceptions are the commission itself, which can take anything to the umpire, and employee and employer organizations. They can appeal against a unanimous decision of the board of referees to the umpire. I tell you quite frankly that my officers are concerned about the missing one there. The individual who is not represented by a union or an employer organization, or something of that nature, does not have the same access. That is one of the areas I will consider when we are looking at improving the appeal system, but that will not require amendment of the act.

Senator Grosart: Would the minister give a summary indication of the incidence or frequency of appeals?

Hon. Mr. Andras: Yes, we have the figures relating to appeals upheld and appeals rejected. In round figures, there were approximately 500,000 disentanglements to qualification. Please be careful on that, however, because the disqualification may be for a week, a month and so on. There were approximately 40,000 appeals to the board of referees, and approximately 14 to 15 per cent of those appeals were upheld, the remainder being rejected. This indicates that the commission decision had been correct in the first place. Four hundred of the residual appeals continued to higher appeal, which is to the umpire or the Federal Court.

The Chairman: Shall clause 20 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 21 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 22 carry?

Senator Grosart: Mr. Chairman, may I ask if the minister would indicate to us the anticipated numbers of the bench mark as of January 1?

Hon. Mr. Andras: The unemployment rate is the determinant of the eight-year rolling average. It dates to June 30 of each year, which allows six months to make the calculation. In 1976 it will be 5.6 per cent.

The Chairman: Shall clause 22 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 23 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 24 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 25 carry?

Senator Macdonald: I have one question in connection with the penalty section of clause 25, that a person is liable to a penalty of 10 per cent of the amount that he failed to remit. Does that mean a maximum of 10 per cent, or can it be any percentage up to 10 per cent?

Hon. Mr. Andras: Yes, this change was made, senator, to make it consistent with the Income Tax Act, at the request of the Department of National Revenue. It is the maximum when that is the set rate, as it will be as a result of this legislation.

The Chairman: Shall clause 25 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 26 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 27 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 28 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 29 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 30 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 31 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 32 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 33 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 34 carry?

Senator Grosart: Mr. Chairman, could I ask the minister to explain two matters? One is the question of the second social insurance number. I am not clear as to its purpose or how it will work. Secondly, it has been said that the national identification card which may arise from this—which I believe is called SIN, is it not?—will mean that no person will be able to get a job without national identification. Will this be the result, as has been said, of clause 34?

Hon. Mr. Andras: That takes it a little further, senator, than I would be prepared to agree with you at the moment. First of all, this came about as a result of our recognition of instances in which cards have been lost and found by a bad actor or have been stolen by a thief and used for identification in rolling up bills and other expenditures which have accumulated to the detriment of an innocent person. As soon as the bill receives royal assent, I hope to give the first new social insurance number to a young chap by the name of Lapke, in Mr. Kempling's riding, who suffered for years because the police came round to get him all the time because this awful person who stole his card was doing terrible things. However, under the present act we have no power to cancel one number and issue a new one. This, obviously, was unintended and must be corrected. To go beyond that, senator, to the question: yes, social insurance numbers are needed when applying for employment. We have further authority, which we intend to implement before very long, to require proof of identity for issuance of social insurance numbers. Although the card was never intended to be an identifier, it has *de facto* become so due to requirements, even of other departments of the federal government. So we might as well face up to it and clean it up.

Senator Grosart: Will you, Mr. Minister, still call it SIN—"sin"?

Hon. Mr. Andras: There seems to be a certain interesting connotation there. It would be rather dull in this country if we rescinded that description of the card. We are not in the business of licensing sin, but we will continue to issue the cards.

● (1840)

The Chairman: Shall clause 34 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 35 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 36 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 37 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 38 carry?

Hon. Senators: Carried.

The Chairman: Shall the title of the bill, an Act to amend the Unemployment Insurance Act, 1971, carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Senator Macdonald: On division.

Senator Perrault: Honourable senators, I am sure we all appreciate very much the courtesy shown this chamber by the Minister of Manpower and Immigration, who so eloquently described the features of the measure before us. As the Deputy Leader of the Opposition observed last night, this is a tradition which could well become enshrined in this chamber.

Hon. Mr. Andras: I very much appreciated the opportunity. I might say sincerely that I hope to have a drink one of these days with Senator Forsey. I probably will never convince him, but I so much respect his opinions that I really need another opportunity to discuss the matter with him. May I take the opportunity to explain that I have with me two officials from the commission: Mr. J. W. Douglas, Director of Legal Services, and Mr. L. E. St. Laurent, Deputy Executive Director of Policy Planning. They have been of great help to us today.

Senator Grosart: Mr. Chairman, before the minister leaves, may I say that I welcomed his appearance here and I would be derelict in my duty, and certainly not expressing my sentiments, if I were not to say that I welcome the fact that he did come.

Senator Forsey: I would like to add my thanks. I think I may have had something to do with the minister's coming here. I appreciate very much the excellent presentation he has given us. I am afraid his hopes of converting me over a drink are rather poor. I am a fourth generation teetotaler.

[Translation]

Senator Fournier (de Lanaudière): Honourable senators, with your permission I shall point out that today we witnessed a beautiful instance of democracy at work. A minister who did not have to come, who did not have to speak, chose to appear in front of us. He is a young man

and I would like to pay tribute to his talent, integrity and knowledge of things. It is not easy to know things yet we were able to observe someone who knows them in depth. There is nothing better in life than to know things in depth, and today we have observed a minister and since it is not the first time—if you are finished, gentlemen, may I proceed? I won't be long.

We had a minister that I do not know, have never seen and no one can claim he is a friend of mine, but I admired him and I would like to express my admiration for him.

[English]

The Hon. the Speaker: The sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Senator Macnaughton: Madam Speaker, the Committee of the Whole, to which was referred Bill C-69, to amend the Unemployment Insurance Act, 1971, has considered the said bill and has the honour to report the same, without amendment, on division.

THIRD READING

The Hon. the Speaker: Honourable senators when shall this bill be read the third time?

Senator Molgat: With leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by the Honourable Senator Molgat, seconded by the Honourable Senator Petten, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Forsey: Honourable senators, it is clear now, from what we have heard in committee, that the clauses I object to would account for \$150 million of the total \$170 million saved. This is even worse than I thought. Almost 90 per cent of the saving will fall on the poor, and therefore in spite of the numerous good features of the bill I feel compelled to vote against third reading.

Senator Perrault: Honourable senators, for the record it should be pointed out that there are other measures in other areas which make that figure of a net of \$150 million or \$130 million quoted by Senator Forsey not totally accurate and not totally indicative of this government's deep concern for the less privileged in our society.

Senator Forsey: There might also be extra expenditures as a result of these.

Senator Fournier (de Lanaudière): Honourable senators, if you will permit me to speak—the honourable senator can understand French very well.

[Translation]

If he were in power, if power were in his hands, could he do any better than what the government proposes?

[Senator Fournier (de Lanaudière).]

Senator Forsey: In answer to Senator Fournier's question, I can say that I would delete those clauses. The rest of the bill is all right.

[English]

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: On division.

Motion agreed to and bill read third time and passed, on division.

GOVERNMENT ANNUITIES IMPROVEMENT BILL

THIRD READING

Senator Barrow moved third reading of Bill C-75, to increase the rate of return on Government Annuity contracts, to increase their flexibility and to discontinue future sales thereof.

Motion agreed to and bill read third time and passed.

● (1850)

STATUTE LAW (SUPERANNUATION) AMENDMENT ACT, 1975

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-52, to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act, the Diplomatic Service (Special) Superannuation Act, the Members of Parliament Retiring Allowances Act, the Governor General's Retiring Annuity Act, the Judges Act, the Tax Review Board Act and the Supplementary Retirement Benefits Act.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Stanbury: With leave, now.

The Hon. the Speaker: Is leave granted?

Senator Grosart: Honourable senators, I am not rising to refuse leave, but to suggest that we have a break before proceeding further, even if it is only for 10 or 15 minutes.

Senator Perrault: If it is the wish of the house, we could adjourn during pleasure to the call of the bell in approximately 15 minutes, if that will provide some immediate relief for honourable senators.

The Senate adjourned during pleasure.

At 7 p.m. the sitting was resumed.

The Hon. the Speaker: Honourable senators, is leave granted to proceed with second reading of Bill C-52 now?

Hon. Senators: Agreed.

Hon. Richard J. Stanbury: Honourable senators, you have heard the long list of acts which are amended by this bill. There are eleven acts affected by the bill. The origin, however, comes from the recommendation of the Royal Commission on the Status of Women, relating to the equality between males and females in the various government plans and the need for the amendments. It is not only necessary to deal with that particular matter, but there were a number of other matters which were pointed out when this recommendation was put before the advisory committee on the Public Service Superannuation Act and the National Joint Council.

As a result, we now have a long bill of some 108 sections which are really dealing with a relatively small number of amendments, but which have to be put into each of the eleven acts.

The major proposals, however, arise from the recommendation of the Royal Commission on the Status of Women and relate to that equalization of the status between males and females under the government's own pension plans.

The most noticeable effects of these proposed amendments will occur in those plans where there was a difference in the benefits available to female employees who, in turn, contributed a lower percentage of their salaries to the pension funds than did their male counterparts. Thus, on the contribution side, under the three Superannuation Acts for the civilian Public Service, the Canadian Forces and the RCMP, the rate for female employees will increase from a basic rate of 5 per cent to 6.5 per cent. This will make a total rate of 7 per cent of salary for both male and female members when one includes the one-half of 1 per cent contributed towards the cost of pension increases under the Supplementary Retirement Benefits Act and the amounts contributed to the Canada or Quebec Pension Plans.

There are also amendments on the benefit side, with the major change being the provision of widowers' benefits on the deaths of female members.

New provisions are being introduced to increase the minimum benefits payable under these plans. This will apply to all members but will be of particular benefit to single employees and to those who are not entitled to an annuity benefit on termination of employment.

In the case of those ceasing to be employed, after the legislation receives royal assent, the minimum benefit will be the greater of either a return of contributions with interest at 4 per cent from December 31 of 1973 and of each subsequent calendar year to December 31 of the year preceding cessation of employment; or an amount equal to five years of annuity payments at the initial level which would have been payable to the employee if he qualified for an annuity on ceasing to be employed.

The bill contains amendments concerning the present restrictions which are applied to payment of certain pensions to pensioners under one plan, who became members under a different pension plan in some other service of the Government of Canada. These restrictions have been the subject of continuing protest over the years. I know that

senators on all sides are pleased to have this anomaly cleared up.

In response to various representations, the government undertook to conduct a complete review of the principles which should govern the pension plans for which it is responsible. As a result of this study the government has concluded that one of the basic principles under these pension plans should be that a person appointed to a position under a different plan should not forego his pension entitlement.

Another principle, which was confirmed by this study as still being appropriate, was that provisions of pension plans may vary for groups within the federal service. As a result, amendments are being introduced in the various acts where a restriction exists to permit a pensioner who is re-employed to receive his or her pension, unless he or she again becomes subject to the same pension plan under which that pension was paid.

Provisions are also included to permit the transfer of pension credits from one government plan to another in certain situations where such transfer provisions do not already exist.

Those are the principal amendments of broadest application to several of these acts. In addition, there are numerous amendments consequential upon new provisions in other legislation, designed to remove anomalies in the interest of greater consistency, dealing with problem cases and a variety of matters which have arisen in the course of administering the various acts to which this bill applies.

The amendments to the bill proposed by the Special Joint Committee on Employer-Employee Relations in the Public Service—there were quite a number of these which you will find throughout the bill—and approved by the House of Commons were directed primarily to points of clarification and other amendments of a consequential nature.

The later amendments, which were included in the bill as a result of discussion in that committee, would extend the provisions of the Public Service Superannuation Act to the Parliamentary Centre for Foreign Affairs and Foreign Trade and would extend the life insurance provisions under the Canadian Forces Superannuation Act to members of the reserve force, such as those who are attached to regular force units serving in the Middle East.

The definition of "salary" under the Public Service Superannuation Act would be clarified and power would be given to the Governor in Council, in the case of Governor in Council appointees, and to the Treasury Board in other cases, to guarantee that a person's prospective pension will not be lower as a result of continuing in employment beyond the end of December in a year, thus losing the benefit of the pension indexing based on increases in the consumer price index.

This is a very brief and rapid summary of the bill which, as I say, contains some 108 clauses. There is much repetition in the bill because it is doing the same thing, generally speaking, to eleven different acts.

In view of the detailed consideration which has already been given to this bill in the Special Joint Committee on Employer-Employee Relations in the Public Service, of

which a number of senators, including myself, have been members, it is now hoped that it will be possible for us to have second reading and subsequent passage of this bill.

I recommend that second reading be given this bill.

Hon. Rhéal Bélisle: Honourable senators, may I be permitted to express to Senator Stanbury our approval and thanks for the expert way, at this late date, in which he has presented this very important piece of legislation.

Just a little less than six months ago I spoke on another bill, the Statute Law (Status of Women) Amendment Bill, 1974, and like the bill before us today it had as a primary objective the equalization of the rights and responsibilities of men and women. At that earlier time I said:

We have before us an omnibus bill designed to correct certain inequities between men and women in those legislative and policy areas over which the federal government has control. It is fitting that in International Women's Year, which has for its theme equality, development and peace, the government should adjust acts in order that the sexes be not treated differently. I find I must agree, however, with my Liberal opponent in the other place, that the Statute Law (Status of Women) Amendment Act, 1974 "would have been good legislation in 1954." In 1974, it is certainly no earth-shattering contribution to the cause of female equality.

● (1910)

The same may be said of the bill before us. Nevertheless, it is fitting that this house should end its 1975 sittings discussing a bill which, whatever its limitations, does mark another advance in the implementation of the recommendations of the 1970 status of women report.

The objective of equality has been accomplished by adding to the acts a new section which asserts that male and female contributors enjoy equality of status and equal rights and obligations under the various acts. All of us, I am sure, welcome this addition as well as its interpretative subsection, which explains that any expression that imports a male person may be read and construed to import a female person and that any expression that imports a female person may be read and construed to import a male person, unless the provision of the act in which such an expression occurs expressly excludes this interpretation. While these insertions and the other changes flowing from them no doubt meet the needs of equality from a legal standpoint, they are nonetheless merely a gloss on a series of acts the wording of which suggests that it is men who will work and build up their contributions to the superannuation accounts, while it is women who will benefit as their survivors, and that it is men, not women, who will be prime ministers and governors general.

I fully realize that the task of completely redrafting these acts would have been prohibitive, delaying still further their presentation to and adoption by Parliament, and that the time of government officials is better spent studying ways and means of solving problems of more practical interest to women—ways and means of enabling homemakers to participate in the Canada Pension Plan or ways and means of providing more and better daycare facilities, for example. But it should have been possible to redraft at least the Governor General's Retiring Annuity Act and

those sections of the Members of Parliament Retiring Allowances Act dealing with the Prime Minister to show, in an unequivocal way, that men and women are regarded as being equally likely to hold these offices. This may appear to honourable senators to be an insignificant criticism of the bill before us, but to a group subjected to discrimination and taught not to aspire to certain types of employment and offices, such a gesture would have been of great symbolic value; it would have had an impact not soon forgotten by either men or women. The struggle to advance the cause of equality is a struggle not only to have equality under the law but to eliminate old stereotypes which stand in the way of progress.

There is another general alteration to the relevant act that will substantially liberalize the conditions under which common-law spouses can receive survivor's benefits. At present, a woman must prove that she had lived with a contributor for at least the seven years immediately prior to his death, that she had been maintained by him for a "number of years," and that she had been publicly represented as his wife, before she can be deemed, for benefit purposes, to have been married to him. The proposed amendment at least removes the humiliating necessity of proving maintenance; it also reduces the seven-year period to a period of three years.

Personally, I have reservations about these amendments, particularly when I contrast this liberality toward concubinage with the stingy attitude of the legislation toward the married estate. These amendments offer no change in the situation by which, should a pensioner marry after retirement, the spouse will not be entitled to any survivor's benefit whatsoever. According to Mr. Whitehouse, the representative of the Federal Superannuates National Association, who testified before the joint committee on this bill, there are at least 700 or 800 public service widows across Canada, the great majority of whom were married to pensioners for 15 to 20 years before their husbands died, who are not receiving anything from the superannuation account. Being in receipt of no survivor's benefit, these widows at least have nothing to lose by remarriage. The recipient of a survivor's allowance, however, loses the allowance on remarriage and so would seem to face a moral dilemma: to refuse to marry, and in so doing place a greater value on a degree of financial independence than on affection; to remarry, and thus lose this independence; or to keep the allowance, but live in a common-law relationship. This act seems to favour the latter relationship.

The bill provides for interest after 1974 on a return of contributions at the general rate of 4 per cent per annum. I have not been able to do more than scan the debates on the bill in the other place and the proceedings in the joint committee, but it seems to me that no one has ever either questioned or explained why the government in effect should be able forcibly to borrow large sums of money, sometimes for a period of several years, from its employees at an interest rate of just 4 per cent. According to testimony before the committee, the average interest paid on the superannuation accounts is just over 7 per cent while new money brings close to 9.5 per cent.

[Senator Stanbury.]

Perhaps there is a connection between what seems to be a scandalously low rate of interest paid on a return of contributions and the fact that these short-term public service employees, and members of Parliament who serve less than four years, have no pressure group to represent their interests. The federal superannuates and the Canadian Forces long-service pensioners were ably represented before the joint committee by Mr. Whitehouse and Mr. Nadon respectively, while Mr. McGarry pressed for recognition of the special needs of the letter carriers union. Members of Parliament are also quick to support almost any suggestion that pension benefits be improved. I suspect that the government's short-service employees are being asked to help finance benefits for which they will not qualify, and I suspect that if I were to inquire I would be told that to return contributions at a reasonable rate of interest—for example, the rate of bank interest compounded or the rate of interest at which the government sells its savings bonds—would render the superannuation accounts actuarially unsound, necessitating greater contributions from both government and employees.

● (1920)

I do not deny that a reasonable portion of the government's contribution may have to be withheld to cover the administrative costs of the various superannuation plans and to cover certain actuarial contingencies; but what reason is there to continue to deny the short-service employee any portion of the government contribution whatsoever? This practice of returning contributions at a very low rate of interest combined with the refusal to yield up any portion of the employer's contribution discriminates most against young workers in general, because they are more likely to change jobs a few times before settling down, and against young women in particular because many of them will still interrupt their careers as a consequence of marriage or child rearing.

In concluding, honourable senators, I would like to mention one change that I welcome, and one injustice that has been left unchanged. I was pleased to see that the government has seen fit to repeal the present section 32 of the Members of Parliament Retiring Allowances Act, which provided that a former senator's or member of Parliament's pension allowance would be discontinued, not only for any period during which that person was a senator or member of the other place, but also for any period during which any office or position was held, directly or indirectly, under Her Majesty in right of Canada. They could nevertheless serve Her Majesty in right of one of the provinces. The only disability retained in the new section 32 will provide that a pension will be discontinued for the whole of any month in which a recipient is a senator or a member of the other place.

My final observation, honourable senators, deals with a matter that concerns me personally, but which nevertheless is, in my opinion, both an obvious defect in the bill before us and an example of what appears to be blatant discrimination against those senators who were summoned before 1965. I refer to the fact that widows of senators who were appointed before 1965 are entitled to a pension equal to only one-third of the senator's pension, whereas the widows of other members are entitled to pensions of between 50 and 60 per cent.

Senator Choquette: And widows of judges.

Senator Bélisle: And those of judges. Just because there are only 31 of us, and we are not a pressure group, we are put aside.

Under this one act the pension provisions of the Governor General, lieutenant governors, the Prime Minister, the police, widows, "concubinage", and everybody else are to be amended, but the widows of the 31 senators that I refer to will not be permitted to qualify for the 50 or 60 per cent. Why has this not been attended to?

As well as providing for equality between men and women who participate in government-managed pension plans, Bill C-52 also alters the contributions and benefits of certain categories of public officials, and most notably the Prime Minister, federal judges, the Governor General, lieutenant governors, members of the armed forces, and federal government employees, in order to bring them closer to the norm that generally prevails throughout the civil service. The principle embodied in these amendments seems to be that whether the individual contributor is a messenger or a prime minister or a senator, each shall contribute roughly the same percentage of his salary, and the widows or widowers shall receive roughly the same proportion of the contributor's pension as a survivor's benefit. It is unjust that there should be this small group of senators, numbering only 31, who began paying into the fund 10 years ago, whose widows will receive only \$2,666 by way of pension, whereas in the case of everyone else it is either 50 or 60 per cent.

Honourable senators, this bill has been before the Special Joint Committee of the Senate and House of Commons on Employer-Employee Relations, and I do not see any need to refer it to committee now. My suggestion would not move the government anyway. I think the bill should be dealt with now.

Hon. Lionel Choquette: Honourable senators, I had not intended to speak on this matter, but Senator Belisle has just put words right into my mouth in connection with pensions of widows of senators who were appointed before 1965.

As we all know, there are three categories of senator in this chamber. There are those who were appointed before 1965, and who have intimated by letter, for what it is worth, that if and when they reach the age of 75 they will retire. This was done in order to entitle the widow, the day after the letter was written, to a pension which was insignificant since it would be only one-third of the \$8,000 pension of the senator, which would amount to \$2,666 per year. The second category is that of those appointed after 1965 and who were never members of Parliament. The third category is that of senators appointed after having served in the other place. The two last categories are in a special class because some of them, the members of Parliament, have contributed to a pension fund from which they will derive some benefit.

The figures given by Senator Belisle, of course, were based on the \$8,000 pension that senators would have received had they retired. I understand that the pension of senators will be raised by the provisions of this bill to \$16,000 a year. It would have been the normal and advisable thing to do to give these senators' widows one-half of \$16,000, though even on \$8,000 you cannot go very far these

days. What will the widows of these senators get, however? Five thousand three hundred dollars.

This is perhaps a long preamble, but my question to the sponsor of the bill is this: Did the sponsor work on this project at all? Did he make any representations with regard to the category of senators and their widows to which I refer, and is there any plausible reason for this legislation not providing for the granting of half the pension of deceased senators to their widows?

Senator Forsey: Honourable senators, may I ask the sponsor of the bill one question? Will the anti-inflation program have any effect on payments under this legislation? I realize that most of them are some distance in the future, but there might be some falling due within the period of the anti-inflation program, and I wonder if he could enlighten me on that subject.

Senator Stanbury: Honourable senators, I am not sure that I can adequately answer all of the questions that have been asked, but I will try.

I appreciate Senator Bélisle's concern as to whether the bill really covers the problem of the equality of males and females in a rather general sense, and that many of the acts still contain wording which has not been repaired from this point of view. This matter was drawn to the attention of the minister during discussion of the bill in committee. But, as Senator Bélisle has indicated, the amount of work involved in making all the revisions to these eleven acts all at once was quite obvious, and to make a change in the specific wording in each case would have been terribly time-consuming and perhaps wasteful. In the end the decision was made to do it on a general basis, and to leave until each individual act was being dealt with on its own the job of changing its wording to adapt it properly to the provisions of this bill. It may, however, be of interest to honourable senators, and perhaps significant of the government's real interest in the substance of the recommendations of the Royal Commission on the Status of Women, that it was in fact a woman from the Department of Justice who was giving us advice on this particular bill.

● (1930)

The next question which was asked dealt with what one member of the committee called the "gold digger's clause" and had to do with the question of the time during which a couple should be living together before the benefits would become available to the widow. I think it is important to recognize that the government has under major review the whole question of the improvement of the widow's position with respect to all of these pensions in relationship to the Canadian human rights legislation which has already had first reading in the other place and is now under thorough review.

Coming to the question of the widow's rights in the pension legislation, despite the fact that we think of the present provisions in terms of discrimination against widows and women in general, the fact is that the repairing of those provisions and benefits will discriminate very substantially against single members of the public service, and therefore the whole matter has been referred for consideration in relation to the human rights legislation and it is hope of the government that this matter will be reviewed during the course of the next session, as this legislation comes forward.

[Senator Choquette.]

I am not sure that I have an adequate answer to the question as to why 4 per cent instead of a higher percentage. I should point out, however, that it is not simply 4 per cent; it is the contributions plus the 4 per cent, and it is the greater of the return of the contributions with interest at 4 per cent or an amount equal to five years of annuity payments at the initial level, which would have been payable to the employee if he had qualified for an annuity on ceasing to be employed.

Senator Bélisle: Will you permit a question at this time? I think you are referring to the five-year more element, but I was referring to the four-year less element concerning those employees who cannot qualify because they have not made five years' contributions. If they have not contributed for five years, then my information is that their money is returned only at 4 per cent interest and without the employer's contribution. Are we talking about the same thing?

Senator Stanbury: I think we are, but in any event that is the figure we have been discussing, and I am not aware of any discussion in committee or out of committee that has changed consideration of that figure. I may be able to get a better answer for you, Senator Bélisle, and I shall try to do so.

The other question which Senator Bélisle raised, and it is one which concerns all of us as senators, has to do with the benefit payable to widows of senators appointed before 1965. The only thing I can do is draw your attention to the earlier discussions we had in connection with Bill C-52, and point out that the pension of a prospective widow of a life senator increases immediately by 50 per cent, from \$2,667 to \$4,000 on the passage of this bill, C-52, and it doubles, to \$5,333 with the sessional indemnity now at \$24,000. The further increase, to \$8,000, which has been discussed would be three times the level of the present pension, and it has not been agreed that it would be possible to make that kind of adjustment at the present time. The increases in widow's pensions of term senators and members of the House of Commons occur at a very much slower rate than that. I appreciate that that may not be an entirely satisfactory answer, in the sense that we are all appreciative of the hardships that may be involved, but that is the best answer I am able to give at this time.

To deal with Senator Choquette's question, which he put in more personal terms, in that he asked as to whether I had made personal representations in that matter, the fact is that it was not necessary for me to make representations because the representations were capably made by other senators who are members of the committee. The question was thoroughly discussed in committee and representations on the subject were very well put there.

Senator Choquette: Is there any reason why the wives of these same senators that you mentioned would not be on an equal footing with the wives of ordinary civil servants? The ordinary civil servant, as you know, if the law has not changed, gets two-thirds of his salary on retirement, and his widow gets half of that two-thirds. Why should there be that much difference between the widow of a life senator and the widow of an ordinary civil servant?

Senator Stanbury: I think the answer is that there is a very different background both on the question of contributions and the whole question of buildup of these ben-

efits. While I think we would all be happy to agree that the situation is not satisfactory, the fact is that the benefits are doubled compared with what they were before.

The answer I have been given with respect to the 4 per cent question is that the 4 per cent interest was recommended by the advisory committee on the Superannuation Act, half of whose members represent the unions. This rate of return is at the usual level. The purpose of the pension plan is to provide annuities, not interest on the savings account. In other words, it is regarded in pension terms as being an adequate and usual recompense, even though it may not be so regarded in terms of savings accounts and other types of investment savings. The answer to Senator Forsey's question on the application of the anti-inflation legislation is that there is already before the House of Commons Bill C-81, which will have the effect of preventing anyone from getting more than the \$2,400 as a result of last year's inflation under this act. It is dealt with in a different bill which has been put over until January for passage.

● (1940)

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Stanbury: With leave, honourable senators, I move that it be read the third time now.

The Hon. the Speaker: Honourable senators, you have heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

Government House
Ottawa

December 20, 1975

Madam,

I have the honour to inform you that the Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 20th day of December at 8 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General.

The Honourable

The Speaker of the Senate,
Ottawa.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Senator Langlois: Honourable senators, I move, seconded by the Honourable Senator Perrault, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, February 3, 1976, at 8 o'clock in the evening.

Honourable senators, before the question is put, I would like to add that this motion is made with the customary proviso that the Senate could be recalled earlier than February 3 if any legislation is received from the other place, which will be resuming its work one week before us.

Senator Grosart: Honourable senators, also before the motion is put, and in spirit of Christmas, may I thank the Leader of the Government for what I take to be his most generous response to the request I made for the continuation of a certain courtesy with respect to the Scroll. I say generous because not only has he provided the Opposition with the Scroll, but has done it three times now as events necessitated new Scrolls. I can think of no more generous response to my request than that.

Senator Langlois: You are spoiled.

Senator Grosart: Also in the spirit of the season, may I take this opportunity to thank and congratulate Her Honour on the wonderful way in which she has presided over our affairs, both in the chamber and outside. We are all such continual beneficiaries of her charm and great ability as a hostess that it is a pleasure to take this occasion once a year and, I hope, more often, to convey our feelings from this group to her. I extend our best wishes, of course, to our colleagues opposite, to the right and to the left and, in particular, to the Leader of the Government, the deputy leader, the whip and the others who guide our affairs here in various capacities from that side.

Senator Langlois: What about those behind you?

Senator Grosart: All of those behind me are in the group on whose behalf I extend these good wishes.

Hon. Senators: Hear, hear.

Senator Grosart: Also, of course, to the Clerk of the Parliaments and his very able assistant, to Black Rod, the Acting Black Rod and other officials who look after us so well here, to the pages, male and female, and to all those who do so well by us in our many requirements here.

Senator Fournier (de Lanaudière): You do not always speak in that manner.

Senator Grosart: Senator Fournier says that I do not always speak this way. There may have been occasions on which I made some objections, but I assure the house that I share the sentiments of all honourable senators in connection with the loyalty and efficiency with which we are served here by those whom we regard as our staff.

Hon. Senators: Hear, hear!

Senator Grosart: A special word, of course, for the official reporters. I have said it before and I say it again, that their great contribution as far as I am concerned, is to make what may be heard here read much better when it comes to me in the "blues". With that, honourable senators, to all a Merry Christmas, a Happy New Year and, for Senator Fournier, Joyeux Noël et Bonne Année.

Senator Perrault: Honourable senators, at this particular point in the proceedings, if the Honourable Deputy Leader of the Opposition had moved a motion giving official expression to the fine sentiments he expressed, I would have cheerfully seconded it, and I am sure that the vote would have passed unanimously. As well, I appreciate very much that the honourable senator has acknowledged the situation of this afternoon wherein he was provided with three copies of the "controversial" Scroll. I want you to know, however, honourable senators, that it will not be the practice of the government to provide all documentation in triplicate in the future, as is the reported custom of some government departments. Beyond practical considerations is the fact that I think this would violate the guidelines of the Anti-Inflation Board, and we want to keep the activities of this chamber very much within those guidelines. However, we are gratified that the deputy leader considers that his cup of documentation runneth over.

Honourable senators, may I take this occasion to not only thank the supporters of the government for their excellent work, cooperation and faithful attendance throughout the session thus far, but also to acknowledge the great contribution made here by supporters of Her Majesty's Loyal Opposition.

Hon. Senators: Hear, hear!

Senator Perrault: We are all aware that a successful chamber can only operate with cooperation, regardless of any differences we may have and the views we may hold on various pieces of legislation. It has even been the case in certain circumstances, as it was today, for supporters of the government to disagree with some of the legislation which is advanced; but that also is in the best tradition of the Senate.

I do not want to repeat all the well-expressed sentiments of the Deputy Leader of the Opposition, but I too want to thank Madam Speaker for her outstanding work, and all the personnel of the Senate, including those who report the proceedings of this assembly for our official record.

As for this Christmas season, as Tiny Tim would say, "God bless us every one!" It is hoped that we can have a very productive remainder of the session, and I am certain that the forthcoming session will be equally productive.

Motion agreed to.

The Hon. the Speaker: Honourable senators, following royal assent you are all invited to my chambers to attend a reception in honour of the Assistant Gentleman Usher of the Black Rod, on the occasion of his retirement from the Senate.

The Senate adjourned during pleasure.

At 8.30 p.m. the sitting was resumed.
The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act to provide supplementary borrowing authority for public works and general purposes.

An Act to amend the Unemployment Insurance Act, 1971.

An Act to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act, the Diplomatic Service (Special) Superannuation Act, the Members of Parliament Retiring Allowances Act, the Governor General's Retiring Annuity Act, the Judges Act, the Tax Review Board Act and the Supplementary Retirement Benefits Act.

An Act to amend the National Housing Act and the Central Mortgage and Housing Corporation Act.

An Act to increase the rate of return on Government Annuity contracts, to increase their flexibility and to discontinue future sales thereof.

An Act to amend the Regional Development Incentives Act.

An Act to amend the Agricultural Products Cooperative Marketing Act.

An Act to amend the Animal Contagious Diseases Act.

An Act to enable The Eastern Canada Savings and Loan Company and Central & Nova Scotia Trust Company to amalgamate.

An Act to incorporate the Northland Bank.

The Deputy of His Excellency the Governor General: On behalf of His Excellency the Governor General, and his deputies, may I wish you all a Merry Christmas and a Happy New Year.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, February 3, 1976, at 8 p.m.

Abbreviations

| | |
|------------|--------------------------------|
| 1r, 2r, 3r | = First, second, third reading |
| amds | = amendments |
| com | = committee |
| div | = division |
| m | = motion |
| neg | = negated |
| ref | = referred |
| rep | = report |
| r.a. | = royal assent |

Abortion, 917

- France, 837
- Morgentaler, Dr. Henry, abortion charges, 1036, 1732, 1742-6, 1767-8
 - Admission of facts but denial of guilt, 1745, 1746
 - Canadian Institute of Public Opinion, survey results, 1767, 1774
 - Excerpts from notes of supreme court judges, 1773
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 - Statement of Past President of Bar Association, 1773-4
- Priorities for government action, 121
- Removal from Criminal Code of item relating to abortion, 188, 838
- Status of Women News, statement issued by National Action Committee, 120-1
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Acts passed during the Session

PUBLIC ACTS

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| 1. West Coast Grain Handling Operations Act | | C-12 |
| | <i>October 30, 1974</i> | |
| 2. Appropriation Act No. 3, 1974 | | C-31 |
| | <i>November 27, 1974</i> | |
| 3. Army Benevolent Fund Act amendment | | C-17 |
| 4. Canada Pension Plan Act amendment | | C-22 |
| 5. Customs Act amendment | | S-4 |
| 6. Customs Tariff Act (No. 1) amendment | | C-27 |
| 7. Trust Companies Act and Loan Companies Act amendment | | S-7 |
| 8. War Veterans Allowance Act and Civilian War Pensions Allowances Act amendment | | C-4 |

Acts passed during the Session - *Continued*PUBLIC ACTS - *Continued*

| <i>Chapter</i> | | <i>Bill No.</i> |
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| 9. Immigration Act amendment | | S-12 |
| 10. Electoral Boundaries Readjustment Act amendment | | C-214 |
| 11. Alberta-British Columbia Boundary Act, 1974 | | S-13 |
| 12. Fire Losses Replacement Account Act amendment | | C-18 |
| | <i>December 20, 1974</i> | |
| 13. Representation Act, 1974 | | C-36 |
| 14. Federal Business Development Bank Act | | C-14 |
| 15. Indian Oil and Gas Act | | C-15 |
| 16. Public Service Employment Act, Public Service Staff Relations Act, Public Service Superannuation Act, and Interpretation Act amendment | | C-38 |
| 17. Export Development Act amendment | | C-9 |
| 18. Supreme Court Act and Federal Court Act amendment | | S-2 |
| 19. Revision of references to Quebec Court of Queen's Bench Act | | S-16 |
| 20. Statute Revision Act | | S-3 |
| 21. Appropriation Act No. 4, 1974 | | C-42 |
| 22. Appropriation Act No. 5, 1974 | | C-45 |
| | <i>February 27, 1975</i> | |
| 23. Customs Tariff Act (No. 2) amendment | | C-39 |
| 24. Excise Tax Act and the Excise Act amendment | | C-40 |
| 25. Electoral Boundaries Readjustment Act amendment | | C-370 |
| | <i>March 13, 1975</i> | |
| 26. Statute law relating to Income Tax Act amendment (No. 1) | | C-49 |
| 27. Canadian Wheat Board Act amendment | | S-6 |
| 28. Northwest Territories Representation Act | | C-51 |
| 29. Electoral Boundaries Readjustment Act (Bruce-Grey) | | C-228 |
| 30. Electoral Boundaries Readjustment Act (Lafontaine-Rosemount) | | C-229 |
| 31. Electoral Boundaries Readjustment Act (Berthier-Maskinonge) | | C-365 |
| | <i>March 24, 1975</i> | |
| 32. West Coast Ports Operations Act 1975 | | C-56 |
| 33. Canada Business Corporations Act | | C-29 |
| 34. Prairie Grain Advance Payments Act (No. 1) amendment | | C-10 |
| 35. Recognition of the Beaver (<i>Castor canadensis</i>) as a symbol of the sovereignty of Canada, an Act to provide for | | C-373 |
| | <i>March 25, 1975</i> | |
| 36. Appropriation Act No. 1, 1975 | | C-54 |
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Acts passed during the Session - *Continued*PUBLIC ACTS - *Continued*

| <i>Chapter</i> | | <i>Bill No.</i> |
|--|-----------------------|-----------------|
| | <i>March 26, 1975</i> | |
| 38. National Housing Act amendment | | C-46 |
| | <i>April 24, 1975</i> | |
| 39. St. Lawrence Ports Operations Act, 1975 | | C-59 |
| 40. Law Reform Commission Act amendment | | C-43 |
| 41. Railway Act amendment | | C-48 |
| 42. Civil Service Insurance Act amendment | | C-26 |
| 43. Proprietary or Patent Medicine Act repeal and Trade Marks Act (No. 1) amendment | | S-9 |
| | <i>May 8, 1975</i> | |
| 44. Senate and House of Commons Act, Salaries Act, and Parliamentary Secretaries Act amendment..... | | C-44 |
| 45. Farm Credit Act amendment | | C-34 |
| 46. Fort-Falls Bridge Authority Act amendment | | C-367 |
| | <i>June 19, 1975</i> | |
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